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State of Minnesota

*Comprehensive Annual
Financial Report*

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1996

*For the Year Ended
June 30, 1996*

Pursuant to Minn. Stat. 15A.60,
16A.50 and 176.129 Subd. 12



On the Cover

The Quadriga

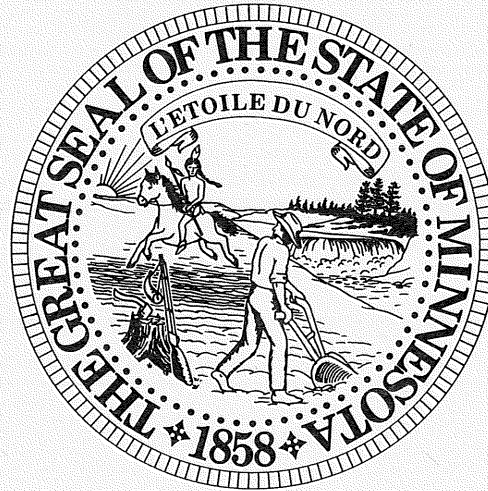
("Golden Horses") is a copper statuary with gilded gold leaf which was installed on the Capitol roof in 1907.

It is an allegorical representation of "the Progress of the State." The man on the chariot holds a cornucopia in his right hand, a standard bearing the word "Minnesota" in his left. Female figures leading the horses are classical figures representing civilization, agriculture and industry.

Photo by

Cynthia N. Hackett

STATE OF MINNESOTA



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COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 1996

PREPARED BY
DEPARTMENT OF FINANCE
WAYNE SIMONEAU, COMMISSIONER
400 CENTENNIAL BUILDING
658 CEDAR STREET
ST. PAUL, MINNESOTA 55155

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**STATE OF MINNESOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR YEAR ENDED JUNE 30, 1996**

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INTRODUCTION

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December 16, 1996

The Honorable Arne H. Carlson, Governor

Members of the Legislature

In accordance with Minnesota Statutes, Section 16A.50, the Department of Finance is pleased to submit the Comprehensive Annual Financial Report for the State of Minnesota for the fiscal year ended June 30, 1996. This report includes the financial statements for the state, and the disclosure necessary to accurately present the financial condition and results of operations for the year then ended. The report has been prepared in accordance with generally accepted accounting principles (GAAP) for governmental units and has earned an unqualified audit opinion.

The Department of Finance is responsible for the accuracy, fairness, and completeness of the financial statements, including all disclosures, presented in this report. The information presented is accurate in all material respects and includes all disclosures necessary for an understanding of the state's financial activities.

The report is divided into three sections: Introductory Section; Financial Section, including the auditor's opinion and basic financial statements; and the Statistical Section, containing financial and other data for prior and current years. The Notes to the Financial Statements, in the financial section, are necessary for an understanding of the information included in the statements. They include the Summary of Significant Accounting Policies and other necessary disclosure of matters relating to the financial position of the state.

Financial Reporting Entity

The financial reporting entity consists of all the funds and account groups of the primary government, as well as its component units. Component units are legally separate organizations for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's governing body, and either (a) the ability to impose its will by the primary government, or (b) the potential for the organization to provide financial benefits to, or impose financial burdens on the primary government.

Blended component units, although legally separate entities, are part of the primary government's operations and are included as part of the primary government. Minnesota has no blended component units.

The Housing Finance Agency, Higher Education Services Office, Minnesota Public Facilities Authority, Minnesota Technology, Inc., Metropolitan Council, Minnesota Rural Finance Authority, Minnesota Agricultural and Economic Development Board, Export Finance Authority, University of Minnesota, Minnesota Workers Compensation Assigned Risk Plan, and the National Sports Center Foundation are component units reported discretely. The Minnesota Rural Finance Authority, Minnesota Agricultural and Economic Development Board, and the Export Finance Authority were reported as blended component units last year. The state has either the ability to impose its will over these agencies or provides substantial funding.

Economic Condition and Outlook

Employment growth in Minnesota continues to out pace the U.S. economy in fiscal year 1996. Payroll employment grew by 2.3 percent, significantly above the U.S. growth of 2.0 percent. In June, at the close of the fiscal year, the unemployment rate in the state was at 3.6 percent, down 0.2 percent from year ago levels and well below the U.S. rate of 5.3 percent. Despite an extremely tight labor market, Minnesota continues to add jobs at a rate faster than the national average.

Personal income in the state, however, grew more slowly than in the rest of the nation. Total wage and salary disbursements in the state, which account for about two thirds of personal income, grew at a 4.9 percent rate in fiscal year 1996, noticeably slower than the U.S. wide growth rate of 6.2 percent. Analysts attribute much of the difference to increases in the number of hours worked by part time employees. During the past year, economic conditions in Minnesota have been such that part time workers are already working all of the hours they desire.

The Minnesota economy is expected to track the national economy during fiscal year 1997. Growth rates for personal income in Minnesota and nationally are projected to be identical. Job growth in Minnesota is forecast to be only slightly stronger than that for the entire U.S., while total wage and salary disbursements are expected to lag slightly, reflecting the belief that part time workers elsewhere in the nation will continue to add hours at a faster rate than those in Minnesota. The 1996 farm bill will add to farm income in the state in both 1996 and 1997.

Major Program Initiatives

Department of Children, Families and Learning begins operations. The Department of Children, Families, and Learning (CFL) started operations on October 1, 1995. It was created by a law in 1995 aimed at streamlining services and programs for children and families. The Department of Education was abolished on September 30, 1995 and its responsibilities transferred to the new Department of Children, Families and Learning. During fiscal year 1997 and fiscal year 1998, 15 additional

programs from the Departments of Economic Security, Minnesota Planning, Human Services, Corrections and Public Safety will be transferred to the CFL. Head Start as well as other child related programs will be added to the responsibilities of the new CFL.

The new agency is charged with the responsibility to develop outcomes related to the programs it administers, to apply for waivers from state and federal rules, to continue development of family service collaboratives, and to facilitate intergovernmental and private-public partnerships. No new appropriations were required to create this agency.

The 1995 legislation also created a new local consolidated funding process, at local option, to decategorize various grant programs administered by CFL. This process will allow local governments to provide integrated services with greater focus on high priority outcomes.

Minnesota State College and University System (MnSCU) starts operation in fiscal year 1996. Fiscal year 1996 was the first year of operation of MnSCU, which was formed by merger of the State University System, the Community College System, and the Technical College System. Prior to July 1, 1995, the technical colleges were part of the local school districts. During the system's first year of operation a deregulation bill was implemented to streamline its procurement processes.

Welfare system reformed. Minnesota started implementing major reforms to the state's welfare system in fiscal year 1996 including elimination of the work Readiness program and expansion of the Minnesota Family Investment Program to Ramsey County. Additional changes are anticipated as a result of recent federal actions which eliminate the open-ended federal entitlement program of Aid to Families with Dependent Children and replace it with a Temporary Assistance for Needy Families block grant. Both the state initiated changes and the new federal requirements are intended to help encourage work and increase family responsibility.

Amateur Sports Commission. The 1996 state legislature provided \$8 million in capital bonding for Mighty Duck grants. The purpose of these grants is to assist Minnesota communities in the development and renovation of ice arenas. These ice arenas are intended to maximize the communities ability to generate economic benefits and to promote ice sports participation for females and males. To receive a Mighty Duck grant, the arena must be owned by a political subdivision of the state. To date, almost \$7 million has been awarded to help build 32 new ice arenas and renovate 25 existing arenas. Another \$1 million is earmarked for a Curling Center to be build in Virginia, Minnesota.

Veteran's Cemetery Improvements. The 1994 Legislature instructed the Department of Veteran's Affairs to accept a gift of a 36 acre cemetery and chapel from the Minnesota State Veterans Cemetery Association in order to provide a dignified burial for eligible veterans and their families. In 1996 the department improved the cemetery with the addition of irrigation, grass, a road and maintenance

building. These improvements were financed through a matching grant of \$344,000 from the United States Department of Veterans Affairs.

An agenda for reform: competition, community, concentration. In November 1995, former state Senator John Brandl and former U.S. Representative Vin Weber, released a report requested by the Governor proposing fundamental restructuring of Minnesota government to reduce financial imbalances anticipated at the turn of the century. They recommended major reforms for meeting government's responsibilities without raising taxes.

The proposal offers an overall structure for change, plus specific approaches in each of the major government spending areas. Reforms are based on meeting needs and improving program results through competition, encouraging communities and concentrating spending on people most in need. Government would be a procurer of services rather than a producer, contracting with private business when beneficial. These proposals are continually being discussed during legislative committee hearings .

Major financial systems. The state implemented new accounting and procurement systems (MAPS) and human resources and payroll systems (SEMA4) for fiscal year 1996. The Departments of Finance, Administration, and Employee Relations jointly administer and maintain the new statewide business systems.

In conjunction with the new business systems the state has developed an information access data warehouse (IA). This warehouse is a database of information gathered from MAPS and SEMA4 and designed to support ad hoc reporting. The IA has developed standard reports available to all state agencies both in paper copy and through the computer network. In addition, most agencies use information in the warehouse to create new reports needed by their management.

Financial Information

The Department of Finance is responsible for the MAPS and the information warehouse from which these financial statements were prepared. The MAPS is maintained primarily on a budgetary basis of accounting. However, certain accrual information is recorded in MAPS. The budgetary basis recognizes revenues and expenditures essentially on a cash basis, except that encumbrances at year end are considered expenditures. Since this budgetary basis differs from GAAP, adjustments to accounting data are necessary to provide financial statements in accordance with GAAP. These disparate bases result in budgetary fund balances which often differ significantly from those calculated under GAAP.

The Department of Finance is also responsible for designing and applying the state's system of internal accounting controls. These controls provide reasonable assurance that the state's assets are protected against loss and that the accounting records from which the financial statements are prepared are reliable. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefit derived.

Budget process. The state's fiscal period is a biennium. The Governor's biennial budget is presented to the legislature in January of the odd numbered years for the upcoming biennium. State statutes require a balanced budget. Specific legislative appropriations are required for several funds. These funds include the General, Trunk Highway, Highway User Tax Distribution, State Airports, Game and Fish, Natural Resources, Minnesota Resources, Environmental and Health Care Access Funds.

Budgetary control is provided primarily through the accounting system. Appropriations are established in the accounting system at the amounts provided in the appropriation laws. The accounting system does not permit expenditures in excess of these amounts.

General Fund. During fiscal year 1996, the total fund balance, on a GAAP basis, for the General Fund increased by \$252.4 million to \$1.419 billion. At June 30, 1996, the unreserved, undesignated portion of the fund balance reflected a positive balance of \$491.9 million, after providing for a \$570 million budgetary reserve. This compares with a \$498 million unreserved, undesignated fund balance at the end of fiscal year 1995 with a \$500 million budgetary reserve. On a budgetary basis, the June 30, 1996, unrestricted (undesignated) fund balance for the General Fund was \$506 million, compared with a balance of \$458.1 million at the end of 1995.

General Fund revenues and transfers-in totaled \$9.619 billion for fiscal year 1996, up 9 percent from those for fiscal year 1995. General Fund expenditures and transfers-out for the year totaled \$9.638 billion, an increase of 11.7 percent from the previous year. Of this amount, \$6.749 billion (70 percent), is in the form of grants and subsidies to local governments, individuals and non-profit organizations.

General government functions. General government functions are funded from the General, Special Revenue, Capital Projects and Debt Service Funds. These funds account for the activities of most state operations, including those also financed from transportation, natural resources and federal revenue sources, plus numerous other smaller revenue sources. The total fund balances for all of these funds increased by \$620.9 million, with a General Fund balance increase of \$252.4 million, special revenue funds increase of \$181.1 million, capital projects funds increase of \$147.6 million, and debt service fund increase of \$39.8 million.

The net revenues, expenditures and transfers for these funds are presented on the next page (expressed in thousands). The percent of total and the increases or decreases over F.Y. 1995 are also presented.

<u>NET REVENUES</u>	<u>Amount</u>	<u>%</u>	<u>Increase(Decrease) over F.Y. 1995</u>	
			<u>Amount</u>	<u>%</u>
Individual Income Taxes	\$4,129,026	27.9%	\$354,171	9.4%
Corporate Income Taxes	696,393	4.7%	28,851	4.3%
Sales Tax	2,933,886	19.8%	205,361	7.5%
Fuel Taxes	520,702	3.5%	36,129	7.4%
Other Taxes	1,902,875	12.9%	84,248	4.6%
Federal Revenues	3,384,598	22.9%	223,573	7.1%
Investment/Interest Income	141,387	1.0%	36,678	35.0%
Other Revenue	<u>1,084,133</u>	<u>7.3%</u>	<u>305,243</u>	<u>35.2%</u>
Total Net Revenue	\$14,793,000	100.0%	\$1,234,809	8.7%

Overall revenue increases were slightly above recent years. The increases in individual income, corporate income, and sales tax were the result of a generally favorable economic climate. The increase in investment earnings is attributable to the favorable cash position that the state was able to maintain as a result of the increased revenue collections. Other revenue consists of tuition and fees, license fees, departmental earnings, and various miscellaneous earnings. Tuition increased substantially due to the merger of the Minnesota Technical College System with the State University and Community College Systems. Tuition and student fees increased \$75.7 million, or 41.4% as a result of the merger. Prior to the merger the technical college tuition and fees were reported in the school district's financial statements. The Solid Waste Fund increased the fees charged solid waste haulers. There was also a growth in agricultural fees and fees for the use of pesticides.

<u>EXPENDITURES & NET TRANSFERS</u>	<u>Amount</u>	<u>%</u>	<u>Increase(Decrease) over F.Y. 1995</u>	
			<u>Amount</u>	<u>%</u>
Protection of Persons and Property	\$202,544	1.4%	\$5,472	2.8%
Transportation	352,184	2.3%	(22,267)	(5.5%)
Resource Management	291,653	2.0%	4,890	1.7%
Economic and Manpower Development	191,338	1.3%	(35,471)	(15.7%)
Education	739,061	5.0%	146,906	24.8%
Health and Social Services	736,518	5.0%	36,029	5.1%
General Government	298,925	2.0%	20,484	7.4%
Capital Outlays	508,816	3.4%	111,313	28.0%
Debt Service	522,300	3.5%	236,956	83.0%
Grants and Subsidies	<u>9,981,796</u>	<u>67.2%</u>	<u>864,619</u>	<u>9.5%</u>
Total Expenditures	\$13,825,135	93.1%	\$1,405,358	11.0%
Net Transfers-Out	<u>1,027,333</u>	<u>6.9%</u>	<u>5,852</u>	<u>.6%</u>
Total Expenditures and Net Transfers	\$14,852,468	100.0%	\$1,411,210	10.2%

Education expenditures increased as a result of the merger of the Minnesota Technical College system with the State Universities and Community Colleges. Capital outlays increased as a result of an increase in road construction and faster completion of the construction projects. Also, about \$29 million was spent by the Minnesota State College and University System for construction primarily at the Duluth and Brainerd campuses. Debt service increased as a result of about \$228.6 million in claims and judgments resulting from litigation. The decrease in economic and manpower development is due to reclassifying certain programs as health and social services.

Enterprise fund operations. Retained earnings for the enterprise funds increased by \$10.7 million to \$149.1 million. Enterprise funds provide services to the general public and are expected to recover full costs, primarily through user charges. Included among the enterprise funds is the State Lottery Fund, whose income of \$64.7 million after taxes was transferred to other state funds. This is \$3.4 million more than last year's transfer. The Public Employees' Insurance Fund reported a net income of \$0.4 million compared with a net loss of \$4.9 million in fiscal year 1995.

Internal service fund operations. State internal service funds provide a variety of services to state agencies. These include computer services, motor pool, telecommunications, printing, management of the capitol complex buildings and insurance (employee health and life, and auto liability). The objective of these funds is to recover the full costs of services provided to other governmental organizations. Net income for the internal service funds was \$1.9 million for fiscal year 1996, out of total operating revenues of \$343.9 million. The internal service funds ended the year with total retained earnings of \$82.1 million, up \$.5 million from last year. The largest fluctuation in retained earnings occurred in the Employee Insurance Fund, with net income of \$.7 million compared to a net loss of \$5.5 million in fiscal year 1995. This increase is a result of an increase in the premiums collected.

Fiduciary fund operations. Contributions to the various pension plans are set in statute at rates expected to fully amortize the unfunded pension benefit obligations of all plans by about 2020, with differing years for each fund. In recent years, contributions have been sufficient to cover the actuarially determined contribution requirements for most funds. Actuarial valuations are performed annually for all defined benefit pension funds, and the results are used to determine any changes needed in the contribution rates.

Grants totaling more than \$892 million were provided from the expendable trust funds, primarily to local governments and individuals. Of this amount, \$466 million of the various highway taxes went to cities and counties for roads and bridges. Another \$31.2 million from earnings on the Permanent School Fund assets was distributed to school districts. Most of the remainder of the grants were for unemployment benefits funded by taxes on employers. The fund balance for the Reemployment Compensation Fund increased by \$66.8 million to \$440.8 million.

Debt administration. Minnesota's credit ratings on general obligation bonds continued at AAA by Fitch Investors Service, Inc., and AA+ by Standard & Poor's Corporation. Moody's Investors Service raised the state's general obligation bond rating to Aaa from Aa1 in May 1996. Moody's stated "The rating revision reflects the state's tradition of comprehensive financial planning, sound financial position, broad economic base, moderate debt position and favorable socioeconomic factors. Although uncertainties exist from potential changes in federal health and welfare funding, the state appears well positioned to meet these expected challenges." This was the first upgrading of a state to Aaa by Moody's since 1974.

The state issued \$439.6 million of new general obligation bonds, and \$170.6 million of general obligation bonds were redeemed during 1996, leaving an outstanding balance of \$2.2 billion.

The state has a debt management policy which has three goals:

- Restore AAA/Aaa bond ratings
- Minimize state borrowing costs
- Provide a reasonable financing capacity within a prudent debt limit

The state debt management policy has four guidelines. The first requires that the ratio of budgeted biennial debt service expenditures for general obligation bonded debt, paid by transfers from the General Fund, should not exceed 3.0 percent of total projected biennial General Fund non-dedicated revenues, net of refunds, on a budgetary basis. The ratio of transfers to net non-dedicated revenues for the biennium ending June 30, 1997, is estimated at 2.49 percent.

The second and third guidelines state that general obligation bonded debt should not exceed 2.5 percent of the total personal income for the state, and also that the total debt of state agencies and the University of Minnesota should not exceed 3.5 percent of total personal income. These ratios were 1.91 percent and 3.20 percent, respectively, based on debt outstanding at June 30, 1996, and estimated personal income for the year ending on that date.

The fourth guideline states that the total amount of state general obligation debt, moral obligation debt, state bond guarantees, equipment capital leases and real estate leases should not exceed 5.0 percent of the total personal income for the state. The ratio was 4.15 percent based on information at June 30, 1996.

Risk management. The state is prohibited by statute from insuring property against loss. Certain agencies and programs are exempted from this prohibition, these include; the Stillwater Prison, State Universities, Community Colleges, Family Farm Security Program, Department of Military Affairs, Iron Range Resources and Rehabilitation Board, and the Sibley House. The Commissioner of the Department of Administration may authorize the purchase of insurance on state properties should it be deemed necessary and appropriate to protect buildings and content. All losses of state property are self-insured or are covered by programs of the Risk Management Fund (an internal service fund) or by insurance policies purchased by the Risk Management Fund on behalf of state agencies.

Employee health, dental and life insurance are provided mainly through contracts with outside organizations. However, the state retains the potential for liabilities for some health plans. Premiums collected for these benefits have been more than sufficient to cover claims submitted.

Audits

The independent Office of the Legislative Auditor performs post-audits of the activities of state agencies. Accordingly, they performed the audit of these financial statements and their opinion is included. They also issue separate audit reports to several major state agencies as part of this audit.

As a part of the audit of these financial statements, a single audit of federal programs is being conducted by the Office of the Legislative Auditor. This audit meets the requirements of the federal Single Audit Act of 1984. The audit covers federal program activities for state agencies for the year ended June 30, 1996. A supplementary report, "Financial and Compliance Report on Federally Assisted Programs" will be available in June 1997.

Certificate

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Minnesota for its comprehensive annual financial report for the fiscal year ended June 30, 1995. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The State of Minnesota has received a Certificate of Achievement for each of the last eleven fiscal years through June 30, 1995. The Department of Finance believes this current report continues to conform to the Certificate of Achievement Program requirements, and is being submitted to the GFOA.

Acknowledgments

Although the Department of Finance accepts final responsibility for this report, much of the data was provided by staff in many other state agencies and component units. Assistance from these organizations ranged from providing necessary data to actual preparation of financial statements for their agencies' funds. I want to express my appreciation for the dedication of the many people in the Department of Finance who helped in the preparation of this report, as well as for the many people in other agencies, without whose efforts this report, with its unqualified audit opinion, would not have been possible.

Sincerely,

A handwritten signature in cursive script that reads "Wayne Simoneau".

Wayne Simoneau
Commissioner

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of
Minnesota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1995

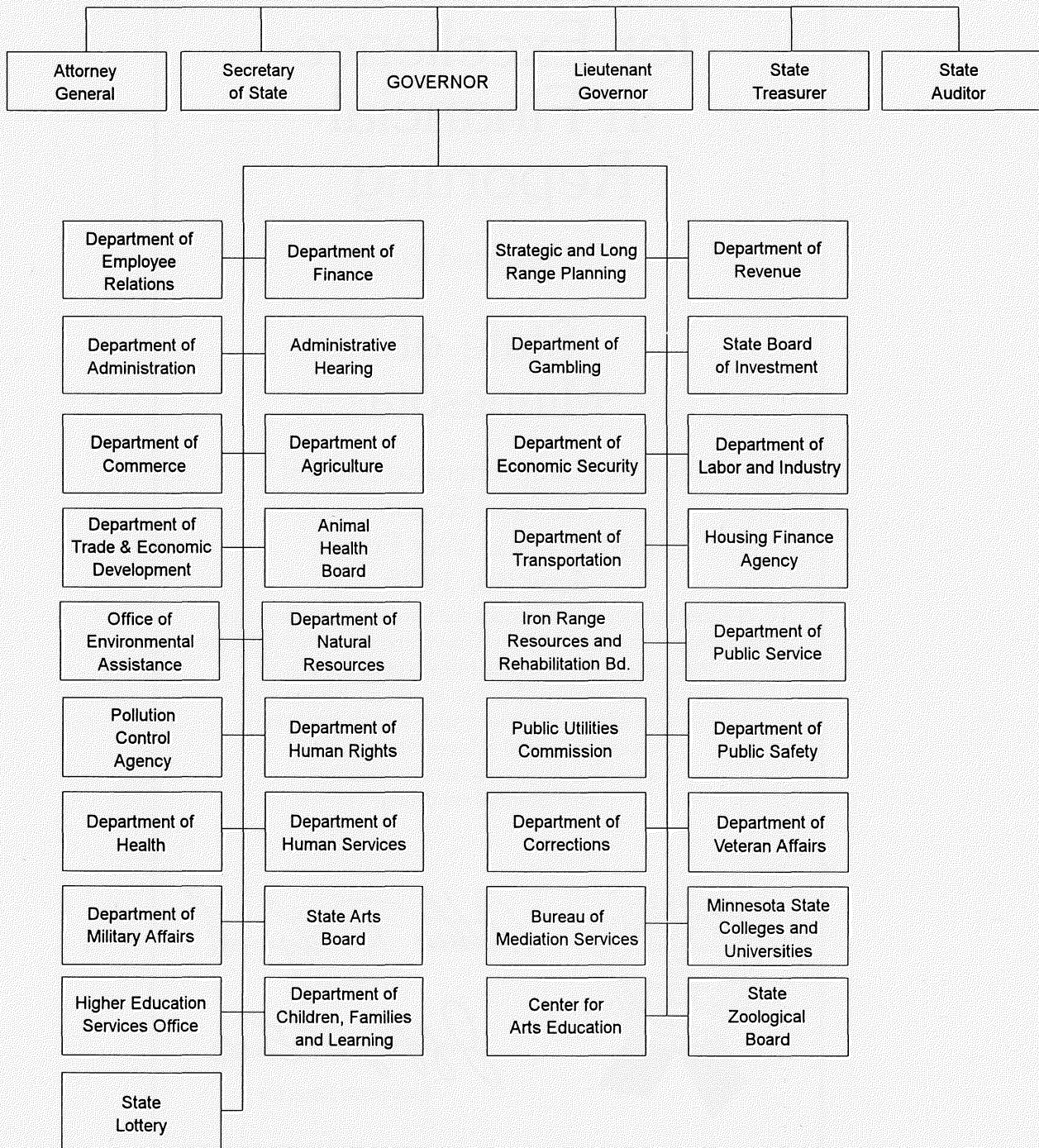
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Arthur R. Lynch
President

Jeffrey L. Esser
Executive Director

STATE ORGANIZATION CHART



STATE OF MINNESOTA

Principal Officials

EXECUTIVE BRANCH

GOVERNOR:	Arne H. Carlson
LIEUTENANT GOVERNOR:	Joanne E. Benson
ATTORNEY GENERAL:	Hubert H. Humphrey, III
STATE TREASURER:	Michael A. McGrath
SECRETARY OF STATE:	Joan Anderson Growe
STATE AUDITOR:	Judith H. Dutcher

LEGISLATIVE BRANCH

SPEAKER OF THE HOUSE OF REPRESENTATIVES

Irv Anderson

PRESIDENT OF THE SENATE

Allan H. Spear

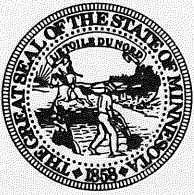
JUDICIAL BRANCH

CHIEF JUSTICE OF THE SUPREME COURT

A.M. Keith

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FINANCIAL SECTION



STATE OF MINNESOTA

OFFICE OF THE LEGISLATIVE AUDITOR

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JAMES R. NOBLES, LEGISLATIVE AUDITOR

Independent Auditor's Report

Members of the Legislature

The Honorable Arne Carlson, Governor

Wayne Simoneau, Commissioner, Department of Finance

We have audited the accompanying general purpose financial statements of the State of Minnesota as of and for the year ended June 30, 1996, as listed in the table of contents. These general purpose financial statements are the responsibility of the state's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the Metropolitan Council, Higher Education Services Office, Housing Finance Agency, Public Facilities Authority, Workers' Compensation Assigned Risk Plan, National Sports Center Foundation, and University of Minnesota, which represent 98 percent and 99 percent, respectively, of the assets and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned discretely presented component units, is based solely on the reports of other auditors.


We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based upon our audit and the reports of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of Minnesota at June 30, 1996, and the results of its operations and the cash flows of its proprietary and nonexpendable trust fund types for the year then ended, in conformity with generally accepted accounting principles.

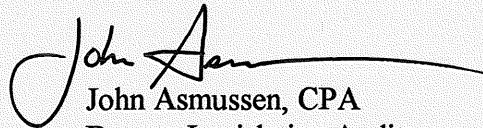
Members of the Legislature
The Honorable Arne Carlson, Governor
Wayne Simoneau, Commissioner, Department of Finance
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Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the State of Minnesota. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 2, 1996, on our consideration of the State of Minnesota's internal control structure and a report dated December 2, 1996, on its compliance with laws and regulations.



James R. Nobles
Legislative Auditor



John Asmussen, CPA
Deputy Legislative Auditor

December 2, 1996

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General Purpose Financial Statements

STATE OF MINNESOTA

COMBINED BALANCE SHEET ALL FUND TYPES, ACCOUNT GROUPS AND COMPONENT UNITS JUNE 30, 1996 (IN THOUSANDS)

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE
ASSETS AND OTHER DEBITS				
Cash and Cash Equivalents.....	\$ 1,728,554	\$ 852,788	\$ 221,974	\$ 242,100
Investments.....	-	-	16,025	56,324
Accounts Receivable.....	458,592	237,966	-	18
Interfund Receivables.....	69,240	75,393	-	35,313
Due from Other Governmental Units.....	-	-	-	-
Due from Component Units.....	4,424	-	-	-
Due from Primary Government.....	-	-	-	-
Accrued Investment/Interest Income.....	34,600	17	1,148	681
Federal Aid Receivable.....	-	356,819	-	-
Inventories.....	-	56,687	-	-
Deferred Costs.....	-	-	-	-
Restricted Assets:	-	-	-	-
Cash and Cash Equivalents.....	-	-	-	-
Investments.....	-	-	-	-
Loans Receivable.....	-	-	-	-
Loans Receivable between Component Units.....	-	-	-	-
Other Restricted Assets.....	-	-	-	-
Loans and Notes Receivable.....	15,656	176,579	33,966	-
Advances to Other Funds.....	1,325	2,075	-	-
Fixed Assets (Net).....	-	-	-	-
Other Assets.....	-	-	-	-
Amount Available for Debt Service.....	-	-	-	-
Amount to be Provided for Debt Service.....	-	-	-	-
Total Assets and Other Debits.....	\$ 2,312,391	\$ 1,758,314	\$ 273,113	\$ 334,436
LIABILITIES, EQUITY AND OTHER CREDITS				
Liabilities:	-	-	-	-
Warrants Payable.....	\$ -	\$ -	\$ -	\$ -
Accounts Payable.....	708,115	478,279	22,536	845
Interfund Payables.....	68,569	134,232	333	-
Payable to Other Governmental Units.....	-	57,017	-	-
Due to Component Units.....	40,143	297	-	-
Due to Primary Government.....	-	-	-	-
Loans Payable between Component Units.....	-	-	-	-
Deferred Revenue.....	76,692	66,119	-	-
Payable from Restricted Assets:	-	-	-	-
General Obligation Bonds Payable.....	-	-	-	-
Revenue Bonds Payable.....	-	-	-	-
Accrued Bond Interest Payable.....	-	-	-	-
Other Payable from Restricted Assets.....	-	-	-	-
General Obligation Bonds Payable.....	-	-	-	-
Loans and Notes Payable.....	-	-	-	-
Revenue Bonds Payable.....	-	-	-	-
Grants Payable.....	-	-	-	-
Claims Payable.....	-	-	-	-
Compensated Absences Payable.....	-	-	-	-
Advances from Other Funds.....	-	21	9	-
Workers Compensation Liability.....	-	-	-	-
Funds Held in Trust.....	-	-	-	581
Other Liabilities.....	-	669	-	-
Total Liabilities.....	\$ 893,519	\$ 736,634	\$ 22,878	\$ 1,426
Equity and Other Credits:	-	-	-	-
Contributed Capital.....	\$ -	\$ -	\$ -	\$ -
Investment in General Fixed Assets.....	-	-	-	-
Retained Earnings:	-	-	-	-
Reserved for Debt Requirements.....	-	-	-	-
Reserved per Law.....	-	-	-	-
Reserved for Claims.....	-	-	-	-
Unreserved Retained Earnings.....	-	-	-	-
Fund Balances:	-	-	-	-
Reserved for Encumbrances.....	84,145	114,831	400	-
Reserved for Inventory.....	-	16,632	-	-
Reserved for Long-Term Receivables.....	20,878	176,390	33,966	-
Reserved for Long-Term Commitments.....	-	55,098	209,627	-
Reserved for Local Governments.....	-	-	-	-
Reserved for Trust Principal.....	-	-	-	-
Reserved for Debt Requirements.....	-	-	-	333,010
Reserved for Pension Benefits.....	-	-	-	-
Budgetary Reserve.....	570,000	-	-	-
Reserved for Other.....	-	6,134	-	-
Unreserved Fund Balances:	-	-	-	-
Designated for Appropriation Carryover.....	251,987	78,060	-	-
Designated for Fund Purposes.....	-	175,169	2,401	-
Undesignated.....	491,862	399,366	3,841	-
Total Equity and Other Credits.....	\$ 1,418,872	\$ 1,021,680	\$ 250,235	\$ 333,010
Total Liabilities, Equity and Other Credits.....	\$ 2,312,391	\$ 1,758,314	\$ 273,113	\$ 334,436

The notes are an integral part of the financial statements.

PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES	ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)		COMPONENT UNITS
ENTERPRISE	INTERNAL SERVICE	TRUST AND AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATION	JUNE 30, 1996	JUNE 30, 1995	
\$ 60,424	\$ 91,501	\$ 1,667,330	\$ -	\$ -	\$ 4,864,671	\$ 4,291,827	\$ 930,111
23,617	-	25,858,768	-	-	25,954,734	22,059,434	1,676,406
14,502	36,219	92,924	-	-	840,211	588,656	445,659
544	43	98,908	-	-	279,441	179,218	35,938
-	-	-	-	-	-	-	24,175
-	-	-	-	-	4,424	-	-
-	-	-	-	-	-	-	205,674
874	-	8,709	-	-	46,029	39,725	40,001
-	-	175	-	-	356,994	375,598	43,369
14,992	1,216	2,197	-	-	75,092	31,808	35,820
677	734	-	-	-	1,411	2,141	20,800
-	-	-	-	-	-	526	326,306
21,250	-	-	-	-	21,250	22,190	348,487
-	-	-	-	-	-	-	115,430
-	-	-	-	-	-	-	255,600
-	-	-	-	-	-	-	41,746
33,656	-	12,571	-	-	272,428	287,646	2,060,942
-	-	-	-	-	3,400	2,713	-
81,185	42,135	16,528	2,619,743	-	2,759,591	2,094,927	2,375,012
112	-	13	-	-	125	408	11,623
-	-	-	-	160,880	160,880	163,805	38,068
-	-	-	-	3,203,532	3,203,532	2,936,465	105,581
<u>\$ 251,833</u>	<u>\$ 171,848</u>	<u>\$ 27,758,123</u>	<u>\$ 2,619,743</u>	<u>\$ 3,364,412</u>	<u>\$ 38,844,213</u>	<u>\$ 33,077,087</u>	<u>\$ 9,136,748</u>
\$ -	\$ -	\$ 145,161	\$ -	\$ -	\$ 145,161	\$ 175,913	\$ -
27,198	38,792	60,575	-	-	1,336,340	1,047,046	944,959
9,113	3,002	64,192	-	-	279,441	179,218	33,161
-	-	-	-	-	57,017	48,780	707
-	-	-	-	-	40,440	38,563	-
-	-	-	-	-	-	-	52,249
-	-	-	-	-	-	-	248,584
1,571	133	2,630	-	-	147,145	120,193	70,222
805	-	-	-	-	805	805	56,160
645	-	-	-	-	645	615	465,547
37	-	-	-	-	37	56	72,336
6,722	-	-	-	-	6,722	4,211	71,070
805	-	-	-	2,162,014	2,162,819	1,893,779	598,196
844	37,440	-	-	33,311	71,595	76,014	58,012
32,855	-	-	-	202,710	235,565	67,869	2,045,623
-	-	-	-	423,838	423,838	417,578	24,902
-	-	-	-	190,059	190,059	372,389	29,481
4,355	2,942	1,253	-	236,232	244,782	213,240	51,557
2,075	1,295	-	-	-	3,400	2,713	-
-	-	-	-	101,667	101,667	112,442	-
-	-	1,036,197	-	-	1,036,778	878,010	196,079
347	-	2	-	14,581	15,599	25,750	132,894
<u>\$ 87,372</u>	<u>\$ 83,604</u>	<u>\$ 1,310,010</u>	<u>\$ -</u>	<u>\$ 3,364,412</u>	<u>\$ 6,499,855</u>	<u>\$ 5,675,184</u>	<u>\$ 5,151,739</u>
\$ 15,371	\$ 6,053	\$ -	\$ -	\$ -	\$ 21,424	\$ 21,689	\$ 691,012
-	-	-	2,619,743	-	2,619,743	1,959,493	982,906
14,634	-	-	-	-	14,634	15,366	526,133
-	-	-	-	-	-	44,615	67,341
-	-	-	-	-	-	71,319	24,645
134,456	82,191	-	-	-	216,647	88,797	437,052
-	-	5,355	-	-	204,731	186,352	13,850
-	-	2,197	-	-	18,829	18,630	-
-	-	12,072	-	-	243,306	250,003	67,239
-	-	-	-	-	264,725	152,317	26,304
-	-	391,398	-	-	391,398	454,344	-
-	-	587,073	-	-	587,073	515,977	-
-	-	-	-	-	333,010	315,033	-
-	-	24,883,494	-	-	24,883,494	21,313,233	-
-	-	-	-	-	570,000	500,000	-
-	-	-	-	-	6,134	4,042	667,869
-	-	-	-	-	330,047	97,632	-
-	-	566,524	-	-	744,094	685,398	248,147
-	-	-	-	-	895,069	707,663	232,511
<u>\$ 164,461</u>	<u>\$ 88,244</u>	<u>\$ 26,448,113</u>	<u>\$ 2,619,743</u>	<u>\$ -</u>	<u>\$ 32,344,358</u>	<u>\$ 27,401,903</u>	<u>\$ 3,985,009</u>
<u>\$ 251,833</u>	<u>\$ 171,848</u>	<u>\$ 27,758,123</u>	<u>\$ 2,619,743</u>	<u>\$ 3,364,412</u>	<u>\$ 38,844,213</u>	<u>\$ 33,077,087</u>	<u>\$ 9,136,748</u>

STATE OF MINNESOTA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUND TYPES, EXPENDABLE TRUST FUNDS, AND DISCRETELY PRESENTED COMPONENT UNITS YEAR ENDED JUNE 30, 1996 (IN THOUSANDS)

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPE EXPENDABLE TRUST	TOTALS (MEMORANDUM ONLY) FOR THE YEAR ENDED		COMPONENT UNITS
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE		JUNE 30, 1996	JUNE 30, 1995	
Net Revenues:								
Individual Income Taxes.....	\$ 4,129,026	\$ -	\$ -	\$ -	\$ -	\$ 4,129,026	\$ 3,774,855	\$ -
Corporate Income Taxes.....	696,393	-	-	-	-	696,393	667,542	-
Sales Taxes.....	2,933,886	-	-	-	-	2,933,886	2,728,525	-
Motor Vehicle License Taxes.....	721	449,495	-	-	-	450,216	416,793	-
Fuel Taxes.....	-	520,702	-	-	-	520,702	484,573	-
Other Taxes.....	1,093,412	342,479	-	16,768	413,661	1,866,320	1,865,860	70,305
Federal Revenues.....	625	3,383,973	-	-	8,160	3,392,758	3,171,079	2,429
License Fees.....	123,472	207,518	-	-	-	330,990	157,004	-
Care and Hospitalization Revenues.....	117,045	-	-	-	-	117,045	122,129	-
Tuition and Student Fees.....	258,617	11,275	-	-	-	269,892	191,120	-
Departmental Services.....	40,390	81,873	-	-	-	122,263	185,175	-
Investment/Interest Income.....	77,616	40,011	8,316	15,379	64,502	205,824	156,807	11,941
Other Revenues.....	78,821	164,737	-	450	21,325	265,333	224,785	56,333
Net Revenues.....	\$ 9,550,024	\$ 5,202,063	\$ 8,316	\$ 32,597	\$ 507,648	\$ 15,300,648	\$ 14,146,247	\$ 141,008
Expenditures:								
Current:								
Protection of Persons and Property.....	\$ 101,052	\$ 101,483	\$ 9	\$ -	\$ 28	\$ 202,572	\$ 197,091	\$ -
Transportation.....	2,935	348,777	472	-	4,172	356,356	378,910	40,667
Resource Management.....	94,465	179,496	17,692	-	5,833	297,486	251,310	15,454
Economic and Manpower Development.....	60,175	131,108	55	-	813	192,151	270,025	7,818
Education.....	658,041	65,882	15,138	-	7,014	746,075	598,286	4,777
Health and Social Services.....	500,140	236,326	52	-	1,274	737,792	701,613	26,756
General Government.....	225,739	48,012	25,139	35	1,460	300,385	279,732	12,495
Total Current Expenditures.....	\$ 1,642,547	\$ 1,111,084	\$ 58,557	\$ 35	\$ 20,594	\$ 2,832,817	\$ 2,676,967	\$ 107,967
Capital Outlay.....	15,020	404,535	89,261	-	-	508,816	397,503	360
Debt Service.....	239,705	10,064	4	272,527	34	522,334	285,368	25,210
Grants and Subsidies.....	6,748,552	3,171,744	61,500	-	892,629	10,874,425	9,931,615	113,908
Total Expenditures.....	\$ 8,645,824	\$ 4,697,427	\$ 209,322	\$ 272,562	\$ 913,257	\$ 14,738,392	\$ 13,291,453	\$ 247,445
Excess of Revenues Over (Under)								
Expenditures.....	\$ 904,200	\$ 504,636	\$ (201,006)	\$ (239,965)	\$ (405,609)	\$ 562,256	\$ 854,794	\$ (106,437)
Other Financing Sources (Uses):								
General Obligation Bonds.....	\$ -	\$ 13,990	\$ 403,118	\$ -	\$ -	\$ 417,108	\$ 282,670	\$ 52,731
Bond Proceeds.....	201,741	-	-	-	-	201,741	-	-
Proceeds from Loans.....	-	229	-	-	-	229	-	4,500
Operating Transfers-In.....	68,774	687,573	-	269,221	418,590	1,444,158	1,361,195	6,291
Operating Transfer in from Component Unit	-	-	-	8,301	-	8,301	-	-
Operating Transfers to Debt Service.....	(237,313)	(22,398)	(8,400)	-	(1,110)	(269,221)	(244,844)	-
Other Operating Transfers-Out.....	(102,298)	(980,166)	-	-	(7,400)	(1,089,864)	(1,029,167)	(81,518)
Transfers-Out to Primary Government.....	-	-	-	-	-	-	-	(4,109)
Transfers-In from Primary Government.....	-	-	-	-	-	-	-	177,409
Transfers-Out to Component Units.....	(652,731)	(14,102)	(43,794)	-	(1,826)	(712,453)	(715,965)	-
Capital Leases.....	2,091	2,383	-	-	-	4,474	2,402	-
Other Sources (Uses).....	-	-	-	-	-	-	(2,048)	-
Net Other Financing Sources (Uses).....	\$ (719,736)	\$ (312,491)	\$ 350,924	\$ 277,522	\$ 408,254	\$ 4,473	\$ (345,757)	\$ 155,304
Excess of Revenues and Other Sources Over								
(Under) Expenditures and Other Uses.....	\$ 184,464	\$ 192,145	\$ 149,918	\$ 37,557	\$ 2,645	\$ 566,729	\$ 509,037	\$ 48,867
Fund Balances, July 1, as Reported.....	\$ 1,166,487	\$ 851,995	\$ 102,602	\$ 293,168	\$ 957,162	\$ 3,371,414	\$ 2,633,612	\$ 114,903
Prior Period Adjustments.....	48,855	54,408	-	-	18,334	121,597	-	-
Changes in Accounting Principles.....	-	-	-	-	-	-	233,094	-
Changes in Reporting Entity.....	14,987	(72,909)	-	-	(94)	(58,016)	(5,160)	51,576
Fund Balances, July 1, as Restated.....	\$ 1,230,329	\$ 833,494	\$ 102,602	\$ 293,168	\$ 975,402	\$ 3,434,995	\$ 2,861,546	\$ 166,479
Residual Equity Transfers-In.....	4,126	6,380	-	2,285	-	12,791	7,741	-
Residual Equity Transfers-Out.....	(47)	(10,539)	(2,285)	-	(501)	(13,372)	(7,926)	(9,572)
Change in Inventory.....	-	200	-	-	-	200	1,016	-
Fund Balances, June 30.....	\$ 1,418,872	\$ 1,021,680	\$ 250,235	\$ 333,010	\$ 977,546	\$ 4,001,343	\$ 3,371,414	\$ 205,774

The notes are an integral part of the financial statements.

STATE OF MINNESOTA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GENERAL FUND AND APPROPRIATED SPECIAL REVENUE FUNDS BUDGETARY BASIS YEAR ENDED JUNE 30, 1996 (IN THOUSANDS)

	GENERAL FUND			SPECIAL REVENUE FUNDS		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Net Revenues:						
Individual Income Taxes.....	\$ 3,985,500	\$ 4,135,333	\$ 149,833	\$ -	\$ -	\$ -
Corporate Income Taxes.....	680,300	701,736	21,436	-	-	-
Sales Taxes.....	2,872,700	2,897,418	24,718	-	-	-
Motor Vehicle License Taxes.....	-	-	-	426,950	449,719	22,769
Fuel Taxes.....	-	-	-	509,705	521,061	11,356
Other Taxes.....	1,094,936	1,061,011	(33,925)	173,696	174,008	312
Federal Revenues.....	-	-	-	237,970	241,554	3,584
Other Intergovernmental Revenues.....	201,938	180,611	(21,327)	-	-	-
License Fees.....	-	-	-	63,560	63,608	48
Care and Hospitalization Revenues.....	-	63,098	63,098	-	-	-
Tuition and Student Fees.....	228,488	251,639	23,151	-	-	-
Departmental Services.....	-	-	-	65,554	60,692	(4,862)
Investment/Interest Income.....	54,500	70,895	16,395	14,210	17,544	3,334
Other Revenues.....	262,120	255,287	(6,833)	32,240	24,818	(7,422)
Net Revenues.....	\$ 9,380,482	\$ 9,617,028	\$ 236,546	\$ 1,523,885	\$ 1,553,004	\$ 29,119
Expenditures:						
Protection of Persons and Property.....	\$ 160,878	\$ 160,450	\$ 428	\$ 77,675	\$ 77,675	\$ -
Transportation.....	10,267	3,628	6,639	767,102	764,076	3,026
Resource Management.....	136,393	135,537	856	100,588	97,481	3,107
Economic and Manpower Development.....	141,688	111,655	30,033	1,945	1,896	49
Education.....	4,316,005	4,214,039	101,966	537	537	-
Health and Social Services.....	2,830,542	2,642,839	187,703	104,792	80,667	24,125
General Government.....	1,289,133	1,286,359	2,774	3,600	3,568	32
Total Expenditures.....	\$ 8,884,906	\$ 8,554,507	\$ 330,399	\$ 1,056,239	\$ 1,025,900	\$ 30,339
Excess of Revenues Over (Under)						
Expenditures.....	\$ 495,576	\$ 1,062,521	\$ 566,945	\$ 467,646	\$ 527,104	\$ 59,458
Other Financing Sources (Uses):						
Operating Transfers-In.....	\$ 304,717	\$ 245,557	\$ (59,160)	\$ 566,333	\$ 585,106	\$ 18,773
Operating Transfers to Debt Service.....	(197,763)	(197,763)	-	(12,047)	(11,725)	322
Other Operating Transfers-Out.....	(157,134)	(157,134)	-	(932,320)	(961,521)	(29,201)
Transfers-Out to Component Units.....	(533,781)	(637,937)	(104,156)	(3,597)	(3,597)	-
Net Other Financing Sources (Uses).....	\$ (583,961)	\$ (747,277)	\$ (163,316)	\$ (381,631)	\$ (391,737)	\$ (10,106)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses.....	\$ (88,385)	\$ 315,244	\$ 403,629	\$ 86,015	\$ 135,367	\$ 49,352
Fund Balances, July 1, 1995, as Reported	1,033,399	1,033,399	-	230,168	230,168	-
Prior Year Adjustments.....	21,660	8,731	(12,929)	8,977	13,644	4,667
Estimated Appropriation Cancellations.....	7,587	-	(7,587)	-	-	-
Budgetary Fund Balances, June 30, 1996	\$ 974,261	\$ 1,357,374	\$ 383,113	\$ 325,160	\$ 379,179	\$ 54,019
Less: Appropriation Carryover.....	-	281,345	(281,345)	18,153	75,259	(57,106)
Less: Reserve for Other.....	-	-	-	16,922	5,232	11,690
Less: Budgetary Reserve.....	570,000	570,000	-	-	-	-
Undesignated Fund Balances, June 30, 1996	\$ 404,261	\$ 506,029	\$ 101,768	\$ 290,085	\$ 298,688	\$ 8,603

The notes are an integral part of the financial statements.

STATE OF MINNESOTA

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS/FUND BALANCES ALL PROPRIETARY FUND TYPES, SIMILAR TRUST FUNDS, AND DISCRETELY PRESENTED COMPONENT UNITS YEAR ENDED JUNE 30, 1996 (IN THOUSANDS)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES	
	ENTERPRISE	INTERNAL SERVICE	PENSION TRUST	NONEXPENDABLE TRUST
Operating Revenues:				
Net Sales.....	\$ 416,031	\$ 17,889	\$ -	\$ 7,986
Contributions.....	-	-	848,788	-
Interest Income.....	638	-	-	-
Investment Income.....	-	-	3,334,886	82,488
Rental and Service Fees.....	59,738	91,353	-	-
Insurance Premiums.....	17,072	231,068	-	-
Realized and Unrealized Gains.....	-	-	414,667	-
Other Income.....	670	3,625	3,326	232
Total Operating Revenues.....	\$ 494,149	\$ 343,935	\$ 4,601,667	\$ 90,706
Less Cost of Goods Sold.....	307,230	10,168	-	-
Gross Margin.....	\$ 186,919	\$ 333,767	\$ 4,601,667	\$ 90,706
Operating Expenses:				
Annuity Payments.....	\$ -	\$ -	\$ 934,052	\$ -
Refunded Contributions.....	-	-	47,975	-
Interest and Financing Costs.....	-	-	2,435	-
Purchased Services.....	41,143	174,269	5,192	2
Investment Management Fees.....	-	-	36,576	31
Salaries and Fringe Benefits.....	45,997	26,192	6,382	4,009
Claims.....	15,328	104,345	-	-
Depreciation.....	6,629	14,876	247	1
Amortization.....	25	194	-	-
Supplies and Materials.....	11,577	3,692	300	1
Indirect Costs.....	1,783	1,973	226	-
Other Expenses.....	3,126	847	1,116	-
Total Operating Expenses.....	\$ 125,608	\$ 326,388	\$ 1,034,501	\$ 4,044
Operating Income.....	\$ 61,311	\$ 7,379	\$ 3,567,166	\$ 86,662
Nonoperating Revenues (Expenses):				
Investment Income.....	\$ 5,933	\$ 5,907	\$ -	\$ -
Participant Contributions.....	-	-	17,837	-
Grants and Subsidies.....	147	-	-	(2)
Local Association Mergers.....	-	-	7,929	-
Other Nonoperating Revenues.....	2,282	-	-	-
Interest and Financing Costs.....	(2,347)	(1,968)	-	-
Participant Withdrawals.....	-	-	(22,671)	-
Grants, Aids and Subsidies.....	(1,494)	-	-	-
Other Nonoperating Expenses.....	-	-	-	-
Gain (Loss) on Sale of Fixed Assets.....	(55)	290	-	160
Net Nonoperating Revenues (Expenses).....	\$ 4,466	\$ 4,229	\$ 3,095	\$ 158
Income Before Operating Transfers.....	\$ 65,777	\$ 11,608	\$ 3,570,261	\$ 86,820
Operating Transfers-In.....	5,523	-	616	25,902
Operating Transfers-Out.....	(64,691)	(9,679)	(616)	(42,127)
Transfers-In from Primary Government.....	-	-	-	-
Net Income.....	\$ 6,609	\$ 1,929	\$ 3,570,261	\$ 70,595
Depreciation on Fixed Assets Acquired with Contributed Capital.....	361	-	-	-
Increase in Retained Earnings/Fund Balances.....	\$ 6,970	\$ 1,929	\$ 3,570,261	\$ 70,595
Retained Earnings/Fund Balances, July 1, as Reported.....	\$ 138,420	\$ 81,677	\$ 21,313,233	\$ 515,977
Prior Period Adjustments.....	-	(1,415)	-	-
Changes in Accounting Principles.....	-	-	-	-
Changes in Reporting Entity.....	3,700	-	-	-
Retained Earnings/Fund Balances, July 1, as Restated.....	\$ 142,120	\$ 80,262	\$ 21,313,233	\$ 515,977
Residual Equity Transfers-In.....	-	-	-	501
Residual Equity Transfers-Out.....	-	-	-	-
Unrealized Appreciation (Depreciation) on Investments.....	\$ -	\$ -	\$ -	\$ -
Retained Earnings/Fund Balances, June 30.....	\$ 149,090	\$ 82,191	\$ 24,883,494	\$ 587,073

The notes are an integral part of the financial statements.

TOTALS (MEMORANDUM ONLY) FOR THE YEAR ENDED		
JUNE 30, 1996	JUNE 30, 1995	COMPONENT UNITS
\$ 441,906	\$ 388,668	\$ 13,372
848,788	818,262	-
638	896	156,185
3,417,374	1,530,633	59,482
151,091	142,426	200,018
248,140	219,886	153,981
414,667	901,420	-
7,853	6,692	3,723
\$ 5,530,457	\$ 4,008,883	\$ 586,761
317,398	272,672	-
\$ 5,213,059	\$ 3,736,211	\$ 586,761
\$ 934,052	\$ 852,503	\$ -
47,975	38,594	-
2,435	3,675	154,843
220,606	191,177	82,405
36,607	31,985	-
82,580	72,674	165,941
119,673	118,558	60,013
21,753	18,278	61,807
219	194	525
15,570	10,160	17,404
3,982	2,248	339
5,089	10,590	21,538
\$ 1,490,541	\$ 1,350,636	\$ 564,815
\$ 3,722,518	\$ 2,385,575	\$ 21,946
\$ 11,840	\$ 11,405	\$ 63,024
17,837	22,789	-
145	273	75,936
7,929	419	-
2,282	380	18,456
(4,315)	(4,079)	(37,767)
(22,671)	(11,794)	-
(1,494)	(2,129)	(91,354)
-	(29)	(8,885)
395	386	(409)
\$ 11,948	\$ 17,621	\$ 19,001
\$ 3,734,466	\$ 2,403,196	\$ 40,947
32,041	31,132	75,353
(117,113)	(118,316)	(126)
-	-	29,582
\$ 3,649,394	\$ 2,316,012	\$ 145,756
361	360	32,563
\$ 3,649,755	\$ 2,316,372	\$ 178,319
\$ 22,049,307	\$ 19,737,170	\$ 828,586
(1,415)	(3,980)	-
-	-	433
3,700	-	-
\$ 22,051,592	\$ 19,733,190	\$ 829,019
501	-	-
-	(255)	-
\$ -	\$ -	\$ 47,833
\$ 25,701,848	\$ 22,049,307	\$ 1,055,171

STATE OF MINNESOTA

COMBINED STATEMENT OF CASH FLOWS ALL PROPRIETARY FUND TYPES, NONEXPENDABLE TRUST FUNDS, AND DISCRETELY PRESENTED COMPONENT UNITS YEAR ENDED JUNE 30, 1996 (IN THOUSANDS)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	TOTALS (MEMORANDUM ONLY) FOR THE YEAR ENDED		COMPONENT UNITS
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST	JUNE 30, 1996	JUNE 30, 1995	
Cash Flows from Operating Activities:						
Operating Income (Loss).....	\$ 61,311	\$ 7,379	\$ 86,662	\$ 155,352	\$ 113,298	\$ 21,946
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:						
Depreciation.....	\$ 6,629	\$ 14,982	\$ 1	\$ 21,612	\$ 18,100	\$ 61,807
Amortization.....	25	194	-	219	194	525
Investment Income.....	-	-	(82,488)	(82,488)	(43,359)	(59,482)
Interest and Financing Costs.....	47	-	-	47	-	154,843
Loan Principal Repayments.....	6,855	-	-	6,855	6,694	189,864
Loans Issued.....	(7,349)	-	-	(7,349)	(7,493)	(360,359)
Provision for Loan Defaults.....	524	-	-	524	366	4,181
Customer Deposits.....	-	-	-	-	-	55,011
Return of Customer Deposits.....	-	-	-	-	-	(55,291)
Net Nonoperating Revenues(Expenses).....	1,972	-	-	1,972	124	(7,272)
Change in Assets and Liabilities:						
Accounts Receivable.....	(2,650)	(10,842)	(617)	(14,109)	(5,488)	11,689
Inventories.....	(207)	(11)	-	(218)	(1,960)	245
Other Assets.....	30	646	-	676	189	6,960
Accounts Payable.....	8,668	9,898	(134)	18,432	(4,458)	(35,991)
Interfund Payables.....	-	-	564	564	-	-
Deferred Revenues.....	(339)	(75)	-	(414)	304	(29,693)
Claims and Judgements.....	-	-	-	-	-	(23,000)
Other Liabilities.....	707	318	-	1,025	1,723	7,045
Net Reconciling Items to be Added (Deducted) from Operating Income.....	\$ 14,912	\$ 15,110	\$ (82,674)	\$ (52,652)	\$ (35,064)	\$ (78,918)
Net Cash Flows from Operating Activities.....	\$ 76,223	\$ 22,489	\$ 3,988	\$ 102,700	\$ 78,234	\$ (56,972)
Cash Flows from Noncapital Financing Activities:						
Grant Receipts.....	\$ 455	\$ -	\$ -	\$ 455	\$ 372	\$ 91,960
Grant Disbursements.....	(1,495)	-	-	(1,495)	(2,138)	(95,564)
Other Nonoperating Expenses.....	-	-	-	-	166	-
Transfers-In.....	5,523	-	24,682	30,205	30,048	93,677
Transfers-Out.....	(60,285)	(9,712)	(41,495)	(111,492)	(120,413)	-
Residual Equity Transfers-In (Out).....	-	-	501	501	(255)	-
Capital Contributions.....	-	-	-	-	438	-
Advances from (to) Other Funds.....	94	7,296	-	7,390	3,600	-
Repayments of Advances from Other Funds.....	-	(4,653)	-	(4,653)	-	-
Proceeds from Debt Issuance.....	-	-	-	-	-	50
Proceeds from Bond Sales.....	-	-	-	-	-	856,245
Repayment of Debt.....	-	-	-	-	-	(682,055)
Bond Issuance Costs.....	-	-	-	-	-	(6,646)
Funds Deposited in Escrow for Bond Refunding.....	-	-	-	-	-	(108,288)
Interest Paid.....	-	(1)	-	(1)	(12)	(159,574)
Other Noncapital Financing Costs.....	-	-	(2)	(2)	-	-
Net Cash Flows from Noncapital Financing Activities.....	\$ (55,708)	\$ (7,070)	\$ (16,314)	\$ (79,092)	\$ (88,194)	\$ (10,195)
Cash Flows from Capital and Related Financing Activities:						
Investment in Fixed Assets.....	\$ (8,745)	\$ (16,687)	\$ -	\$ (25,432)	\$ (27,243)	\$ (75,634)
Proceeds from the Sale of Fixed Assets.....	342	972	1,304	2,618	2,078	41
Repayments of Advances from Other Funds.....	-	-	-	-	(4,232)	(268)
Capital Contributions.....	49	-	-	49	-	48,282
Capital Lease Payments.....	-	(22)	-	(22)	(17)	-
Proceeds from Loans.....	-	14,989	-	14,989	16,628	-
Repayment of Loan Principal and Other Capital Debt.....	-	(14,248)	-	(14,248)	(13,638)	-
Proceeds from Bond Sales.....	799	-	-	799	-	57,465
Repayment of Bond Principal.....	(1,462)	(15)	-	(1,477)	(1,055)	(140,861)
Interest Paid.....	(2,323)	(1,931)	-	(4,254)	(4,071)	(38,931)
Net Cash Flows from Capital and Related Financing Activities.....	\$ (11,340)	\$ (16,942)	\$ 1,304	\$ (26,978)	\$ (31,550)	\$ (149,906)

STATE OF MINNESOTA

COMBINED STATEMENT OF CASH FLOWS ALL PROPRIETARY FUND TYPES, NONEXPENDABLE TRUST FUNDS, AND DISCRETELY PRESENTED COMPONENT UNITS YEAR ENDED JUNE 30, 1996 (IN THOUSANDS)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	TOTALS (MEMORANDUM ONLY) FOR THE YEAR ENDED		COMPONENT UNITS
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST	JUNE 30, 1996	JUNE 30, 1995	
Cash Flows from Investing Activities:						
Proceeds from Sales and Maturities of Investments.....	\$ 49,376	\$ -	\$ 72,167	\$ 121,543	\$ 143,925	\$ 1,699,745
Purchase of Investments.....	(53,499)	-	(131,462)	(184,961)	(113,891)	(1,511,159)
Investment Earnings.....	5,758	5,906	36,679	48,343	53,103	124,227
Net Cash Flows from Investing Activities.....	\$ 1,635	\$ 5,906	\$ (22,616)	\$ (15,075)	\$ 83,137	\$ 312,813
Net Increase (Decrease) in Cash and Cash Equivalents.....	\$ 10,810	\$ 4,383	\$ (33,638)	\$ (18,445)	\$ 41,627	\$ 95,740
Cash and Cash Equivalents, July 1.....	48,636	88,533	66,788	203,957	162,340	673,745
Prior Period Adjustments.....	-	(1,415)	-	(1,415)	-	-
Changes in Accounting Principle.....	-	-	-	-	-	(54,645)
Change in Reporting Entity.....	978	-	-	978	-	-
Cash and Cash Equivalents, June 30.....	\$ 60,424	\$ 91,501	\$ 33,150	\$ 185,075	\$ 203,967	\$ 714,840

Reconciliation of Cash and Cash Equivalents to the Combined Balance Sheet:

Cash and Cash Equivalents for the Nonexpendable Trust Funds and the Component Units as of June 30, 1996, on the Combined Statement of Cash Flows is reconciled to the Cash and Cash Equivalents on the Combined Balance Sheet as follows:

Cash and Cash Equivalents June 30, 1996: (In Thousands)

Fiduciary Funds:	
Pension Trust Funds.....	\$ 516,501
Nonexpendable Trust Funds.....	33,150
Expendable Trust Funds.....	933,786
Agency Funds.....	183,893
Total Fiduciary Funds.....	\$ 1,667,330
Component Units:	
Governmental Funds.....	\$ 88,962
Proprietary Funds.....	714,840
University Fund.....	452,615
Total Component Units.....	\$ 1,256,417

Noncash Investing, Capital, and Financing Activities:

Depreciation reported on the Statement of Cash Flows exceeds that reported on the Statement of Revenues, Expenses and Changes in Retained Earnings for the Internal Service Funds because a portion of the depreciation is included in the Cost of Goods Sold.

The notes are an integral part of the financial statements.

STATE OF MINNESOTA

UNIVERSITY OF MINNESOTA
STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES, AND OTHER CHANGES
YEAR ENDED JUNE 30, 1996
(IN THOUSANDS)

	UNRESTRICTED	RESTRICTED	TOTAL
Revenues:			
Tuition and Fees.....	\$ 217,432	\$ -	\$ 217,432
Federal Appropriations.....	-	17,093	17,093
State Appropriations.....	393,334	77,729	471,063
Federal Grants and Contracts.....	43,528	193,363	236,891
State Grants and Contracts.....	222	41,057	41,279
Other Government Grants and Contracts.....	471	2,678	3,149
Private Gifts, Grants and Contracts.....	11,235	188,779	200,014
Endowment Income.....	204	7,412	7,616
Investment Income.....	22,711	2,287	24,998
Realized Gains (Losses) and Adjustments to Market Value, Net.....	(413)	(100)	(513)
Sales and Services Of Educational Activities.....	74,749	-	74,749
Sales and Services of Auxiliary Enterprises.....	172,655	-	172,655
Total Revenues.....	\$ 936,128	\$ 530,298	\$ 1,466,426
Expenditures and Mandatory Transfers:			
Education and General			
Instruction.....	\$ 319,363	\$ 74,875	\$ 394,238
Research.....	38,023	268,945	306,968
Public Service.....	18,343	87,706	106,049
Academic Support.....	117,017	45,580	162,597
Student Services.....	46,697	4,057	50,754
Instructional Support.....	65,570	3,530	69,100
Operation and Maintenance of Plant.....	99,116	303	99,419
Scholarship and Fellowships.....	34,834	40,406	75,240
Education and General Expenditures.....	\$ 738,963	\$ 525,402	\$ 1,264,365
Mandatory Transfers for:			
Principal and Interest.....	\$ 1,207	\$ 111	\$ 1,318
Loan Fund Matching Grant.....	744	(585)	159
Total Education and General.....	\$ 740,914	\$ 524,928	\$ 1,265,842
Auxiliary Enterprises			
Expenditures.....	\$ 144,651	\$ 5,370	\$ 150,021
Mandatory Transfers for:			
Principal and Interest.....	982	-	982
Renewals and Replacements.....	128	-	128
Total Auxiliary Enterprises.....	\$ 145,761	\$ 5,370	\$ 151,131
Total Current Expenditures and Mandatory Transfers.....	\$ 886,675	\$ 530,298	\$ 1,416,973
Other Transfers, Additions (Deductions)			
Excess (Deficiency) of Restricted Additions Over Expenditures.....	\$ -	\$ 12,474	\$ 12,474
Refunded to Grantors.....	-	(1,594)	(1,594)
Nonmandatory Transfers.....	2,974	(11,364)	(8,390)
Total Other Transfers, Additions (Deductions).....	\$ 2,974	\$ (484)	\$ 2,490
Net Increase (Decrease) in Fund Balance from Continuing Operations.....	\$ 52,427	\$ (484)	\$ 51,943
Discontinued University Hospital and Medical Clinics:			
Revenues and Other Additions.....	\$ 355,434	\$ 10,938	\$ 366,372
Expenditures.....	(331,436)	(10,938)	(342,374)
Mandatory Principal and Interest Transfers.....	(13,026)	-	(13,026)
Excess (Deficiency) of Restricted Additions Over Expenditures.....	-	455	455
Nonmandatory Transfers.....	(7,502)	(366)	(7,868)
Net Increase in Fund Balance from Discontinued Operations.....	\$ 3,470	\$ 89	\$ 3,559
Loss on Transfer of University Hospital and Medical Clinics.....	\$ (17,877)	\$ -	\$ (17,877)
Net Increase (Decrease) in Fund Balance.....	\$ 38,020	\$ (395)	\$ 37,625

The notes are an integral part of the financial statements.

STATE OF MINNESOTA

UNIVERSITY OF MINNESOTA STATEMENT OF CHANGES IN FUND BALANCES - CONSOLIDATED TOTALS YEAR ENDED JUNE 30, 1996 (IN THOUSANDS)

	CONSOLIDATED TOTALS
Revenues and Other Additions:	
Unrestricted Revenues.....	\$ 936,128
Federal Appropriations.....	16,486
State Appropriations.....	180,970
Federal Grants and Contracts.....	244,989
State Grants and Contracts.....	40,124
Other Government Grants and Contracts.....	3,114
Private Gifts, Grants, and Contracts.....	208,851
Endowment Income.....	7,433
Investment Income.....	16,948
Realized Gains (Losses) and Adjustments to Market Value, Net.....	55,863
Student Loan Interest.....	1,609
Expended for Plant Facilities.....	155,214
Retirement of Indebtedness.....	11,204
Other Additions.....	568
Total Revenues and Other Additions.....	\$ 1,879,501
Expenditures and Other Deductions:	
Education and General.....	\$ 1,264,365
Auxiliary Enterprises.....	150,021
Indirect Costs Recovered.....	49,583
Adjustments to Carrying Value of Loans.....	468
Administrative and Collection Costs.....	571
Expended for Plant Facilities.....	105,059
Retirement of Indebtedness.....	11,204
Debt Incurred.....	19,603
Interest on Indebtedness.....	11,565
Depreciation of Investment in Plant.....	97,602
Loss on Disposal of Plant.....	3,257
Total Expenditures and Other Deductions.....	\$ 1,713,298
Net Transfers, Additions (Deductions).....	\$ 21,957
Net Increase for the Year from Continuing Operations.....	\$ 188,160
Discontinued Operations, Hospitals and Clinics:	
Revenues and Other Additions.....	\$ 381,870
Expenditures and Other Deductions.....	(369,796)
Net Transfers, Additions (Deductions).....	(21,957)
Net Decrease for the Year from Discontinued Operations.....	\$ (9,883)
Loss on Sale of Hospital and Clinics.....	\$ (111,817)
Net Increase for the Year	\$ 66,460
Fund Balance, July 1, 1995.....	1,956,002
Fund Balance, June 30, 1996.....	\$ 2,022,462

The notes are an integral part of the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 1996

These notes provide disclosures relevant to the combined financial statements on the preceding pages.

1. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Basis of Presentation

The reporting policies of the state of Minnesota conform to generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

Financial Reporting Entity of the State of Minnesota

This report includes the various state departments, agencies, institutions and organizational units which are controlled by or dependent upon the Minnesota legislature and/or its constitutional officers. The state, a primary government, has also considered for inclusion all potential component units for which it may be financially accountable; and other organizations for which the nature and significance of their relationship with the state are such that exclusion would cause the state's financial statements to be misleading or incomplete. The GASB has set forth criteria to be used in determining financial accountability. These criteria include the state's ability to appoint a voting majority of an organization's governing body and either the ability of the state to impose its will on that organization, or the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the state.

As required by GAAP, these financial statements include the state of Minnesota (the primary government) and its component units. The state has identified and included within the financial reporting entity, as component units, legally separate organizations for which the state is financially accountable or for which a significant relationship with the state exists such that exclusion would cause the state's financial statement to be misleading or incomplete.

Discretely presented component units are entities that are legally separate from the state but for which the state is financially accountable, or their relationship with the state is such that exclusion would cause the state's financial statements to be misleading or incomplete. These component units are reported in a separate column and have separately identified note disclosure because of their separate legal status.

Metropolitan Council (MC) (governmental and proprietary types). The MC is responsible for coordinating the planning and development of the seven county metropolitan area. The MC operates the public transit system and the regional sewage collection and treatment system. The council members are appointed by the governor with the chair responsible for the council activities. The MC includes the Metropolitan Sports Facilities Commission as a component unit. The Metropolitan Council's fiscal year ends December 31.

Minnesota Technology, Inc. (MTI) (governmental type). The MTI fosters long-term economic growth and job creation by stimulating innovation and the development of new products, services, and production processes through technology transfer, applied research, and financial assistance. The state's General Fund provides most of the funding for the MTI.

Higher Education Services Office (HESO) (governmental and proprietary fund types). The HESO makes and guarantees loans to qualified post-secondary students. The HESO provides state grant and loan program services for which the state provides administrative funding. Revenue bonds are issued in its own name with limitations set by the legislature.

Export Finance Authority (EFA) (governmental type). The EFA aids and facilitates the financing of exports from the state. Excess revenue is transferred to the state's General Fund.

Agricultural and Economic Development Board (AEDB) (governmental type). The AEDB provides services to state government by administering state programs for agricultural and economic development. The AEDB may issue bonds on behalf of the state.

Rural Finance Authority (RFA) (governmental type). The RFA administers state agriculture programs, including the homestead redemption program, loan restructuring program, and agricultural improvement program. The RFA is under the administrative control of a commissioner appointed by the governor. The state has issued general obligation bond debt for the programs.

Housing Finance Agency (HFA) (proprietary type). The HFA provides money for loans and technical assistance for construction and rehabilitation of housing for families of low and moderate incomes. The HFA is under the administrative control of a commissioner appointed by the governor. The HFA issues bonds in its own name.

Public Facilities Authority (PFA) (proprietary type). The PFA provides assistance to municipalities, primarily for wastewater treatment construction projects. A state agency provides administrative services to the PFA. The state provides funding for the PFA. The board members determine the funding for local government projects.

Workers' Compensation Assigned Risk Plan (WCARP) (proprietary type). The WCARP is the source of workers' compensation and employers' liability coverage for Minnesota employers who have been unable to obtain an insurance policy through the voluntary market. The state commissioner of the Department of Commerce enters into administrative contracts, sets premium rates, and makes assessments. The state commissioner has the authority to assess all licensed workers' compensation insurance companies doing business in Minnesota an amount sufficient to fully fund the obligations of the plan to the extent that the assets are inadequate to meet its obligations. The WCARP's fiscal year ends December 31.

National Sports Center Foundation (NSCF) (proprietary type). The NSCF is under contract with the Minnesota Amateur Sports Commission to operate the National Sports Center facility primarily for the purpose of holding youth-oriented athletic and other non-athletic functions and events. The NSCF is responsible for certain improvements to the facility and the operating costs of the facility. The commission approves the foundation's spending budget, approves all rates and fees and has ownership of any reserve funds. The assets belong to the state. The foundation's fiscal year ends December 31.

University of Minnesota (U of M) (college and university type). The U of M was established on a permanent basis by the Minnesota Constitution. The state appropriates a large percentage of the University's operating budget. The governor appoints the 12-member Board of Regents, which governs the University, but the state does not have direct authority over University management. The state has issued debt for U of M capital projects.

Complete financial statements of the discretely presented component units may be obtained from their respective administrative offices as follows:

Metropolitan Council
Mears Park Centre
230 East Fifth Street
St. Paul, Minnesota 55101

Higher Education Services Office
400 Capitol Square
550 Cedar Street
St. Paul, Minnesota 55101

Minnesota Technology, Inc.
400 Mill Place
111 Third Avenue South
Minneapolis, Minnesota 55401

Export Finance Authority
Department of Trade & Economic Development
121 7th Place East
St. Paul, Minnesota 55107

Agricultural & Economic Development Board
Department of Trade & Economic Development
121 7th Place East
St. Paul, Minnesota 55101

Rural Finance Authority
Department of Agriculture
90 West Plato Boulevard
St. Paul, Minnesota 55107

Housing Finance Agency
400 Sibley Street
Suite 300
St. Paul, Minnesota 55101455

Public Facilities Authority
Department of Trade & Economic Development
121 7th Place East
St. Paul, Minnesota 55101

Workers' Compensation Assigned Risk Plan
Park Glen National Insurance Company
4500 Park Glen Road, Suite 410
Minneapolis, Minnesota 55416

National Sports Center Foundation
National Sports Center
1700 105 Avenue Northeast
Blaine, Minnesota 55434

University of Minnesota
301 Morrill Hall
100 Church Street Southeast
Minneapolis, Minnesota 55455

The following organizations also prepare and publish their own financial reports, which may contain differences in presentation resulting from differing reporting emphasis. Copies of their reports may be obtained directly from the organization.

State Lottery
2645 Long Lake Road
75 Constitution Avenue
St. Paul, Minnesota 55113

Minnesota State Retirement System
175 West Lafayette Frontage Road
Suite 300
St. Paul, Minnesota 55107

Public Employees Retirement Association
200 Skyway Level
514 St. Peter Street
St. Paul, Minnesota 55102

State Board of Investment
105 MEA Building
55 Sherburne Avenue
St. Paul, Minnesota 55155

Teachers Retirement Association
500 Gallery Building
17 West Exchange Street
St. Paul, Minnesota 55102

Related entities are entities for which the state is accountable because the state appoints a voting majority of the board, but for which the state does not have financial accountability. The following are related entities not included in the reporting entity.

Higher Education Facilities Authority. The Governor appoints a majority of the board. The Authority can issue revenue bonds and notes in its name. The state has no statutory authority to affect the operations of the Authority.

Joint Underwriting Association. The Governor appoints a majority of the board. The board establishes the operating plan and determines premium rates and assessments. Membership in the association is a condition for doing business in the state.

Medical Malpractice Joint Underwriting Association. The Governor appoints a majority of the board. The board establishes the operating plan and determines premium rates and assessments. Membership in the association is a condition for doing business in the state.

Metropolitan Airports Commission. A majority of the voting commissioners are appointed by the Governor. The state has no statutory authority to directly affect the commission's activities and operations. Holders of the commission's debt instruments have no recourse against the state.

State Fund Mutual Insurance Company. The Governor appoints a majority of the board. The board establishes the operating plan and determines premium rates and assessments.

Workers' Compensation Reinsurance Association. The Governor appoints a majority of the board. The association supports itself solely from revenues derived from premiums charged to its members. The state has no authority to affect the operations of the association.

Classification of Funds

Individual funds have been established as stipulated by legal provisions or by administrative discretion. The funds presented are classified as follows.

Governmental Funds account for the acquisition, use and balances of expendable financial resources and the related current liabilities. Most state operations are accounted for in this fund category. Included in this classification are the General Fund (accounts for all financial resources except those required to be accounted for in another fund), special revenue, capital projects and debt service fund types. The Debt Service Fund accounts for the accumulation of resources for, and the payment of, most general obligation long-term debt principal and interest.

Proprietary Funds account for all assets, liabilities and equities, and match revenues and expenses to determine net income and capital maintenance. The fund types included in this category are the enterprise and internal service funds.

Fiduciary Funds account for assets held by the state in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. Included in this fund category are expendable and nonexpendable trust, pension trust and agency fund types. Depending on their nature, fiduciary funds are classified for accounting measurement purposes like governmental (expendable trust funds) or proprietary funds (pension trust and nonexpendable trust funds). Agency funds are custodial in nature; thus they do not measure results of operations.

Account Groups provide the means to account for the fixed assets acquired and the general obligation long-term indebtedness for all governmental fund types.

Component Units account for the assets, liabilities and operations of discretely presented component units. Statements other than balance sheets are combined with statements of funds using a similar basis of accounting.

Basis of Accounting

All proprietary, pension trust and nonexpendable trust funds are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized as they are incurred. All proprietary funds, except the Workers' Compensation Assigned Risk Plan (WCARP), a component unit, follow applicable GASB guidance and Financial Accounting Standard Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, that do not conflict with, or contradict, GASB pronouncements. The WCARP follows all applicable FASB statements.

All governmental, expendable trust and agency funds are accounted for using the modified accrual basis of accounting. The modified accrual basis of accounting includes the following recognition principles.

Revenues: Individual income, sales and unemployment compensation taxes and federal grants are the major revenue sources susceptible to accrual. Tax revenues are recognized in the period they become both measurable and available to finance expenditures of the current period. *Measurable* means that taxpayer liability is supported by sufficient documentation and can be reasonably estimated. *Available* means collectible by the September close of the books. Similarly, anticipated refunds of such taxes are recorded as reductions in revenue in the period when the claim is received and the state's liability is measurable. Federal grants collected on a reimbursement basis are recognized as revenue when reimbursable expenditures are made. Revenues collected on an advance basis, including certain federal grant revenues to which the state does not yet have legal entitlement, are reported as deferred revenue until the related commitment arises, at which time revenue is recognized.

Taxpayer assessed revenues are recognized in accordance with GASB Statement 22. This principle requires that revenues are recognized in the accounting period in which they become susceptible to accrual. These tax revenues include sales, income, gasoline, medical providers, and miscellaneous taxes when they become both measurable and available to finance expenditures of the fiscal period.

Expenditures and related liabilities: Expenditures and payables are recognized when fund obligations are incurred as a result of the receipt of goods and services, except principal and interest on long-term debt, which are recorded when due. Grant expenditures are discussed separately.

Encumbrances: Encumbrance accounting is used for budgetary control and reporting purposes only. In the financial statements, encumbrances are recorded in the balance sheet as a reservation of fund balance for subsequent year expenditures, except for those long-term commitments which rely significantly on future resources as discussed in Note 10.

College and university type is accounted for on the accrual basis of accounting in accordance with accounting principles outlined in the American Institute of Certified Public Accountants' (AICPA) audit guide, *Audits of Colleges and Universities*, and guidelines suggested by the National Association of College and University Business Officers. Under these standards two types of operating statements are prepared, which should not be combined with governmental nor proprietary statements. Only the combined totals are presented for the statement of revenues, expenses, and changes in fund balance.

Grants Expenditures and Liabilities Recognition

Grants are contributions of cash or other assets by the state to other governmental units, individuals or non-governmental organizations. The GAAP requirement that expenditures and liabilities be recognized at the point goods and services are received is not relevant for grants because the state does not receive a direct goods service for grant payments. It is therefore necessary to use different criteria for the recognition of grant expenditures and liabilities.

Grants are normally paid on an entitlement or reimbursement basis. Reimbursements may be for specific services provided to eligible recipients or such reimbursements may be for eligible types of expenditures. Grants paid on a reimbursement basis are recognized as expenditures and liabilities in the year in which the grantee incurs the costs of specific services to eligible recipients or makes eligible types of expenditures. Entitlement type grants may be based on services provided by the grantee which the grant is meant to help fund, but not based on the cost of providing the service. Expenditures and related liabilities for these types of entitlement grants are recognized as the service is provided if the amount owed is reasonably estimable soon after the end of the fiscal year. Other types of entitlement type grants are not based on services provided or actions taken by the grantee. Expenditures and related liabilities for these types of grants are recognized in the fiscal year in which the resources were appropriated.

Compensated Absences

State employees accrue vacation leave, sick leave and compensatory leave at various rates within limits specified in collective bargaining agreements. Such leave is liquidated in cash only at the time of termination from state employment. For governmental funds, the liability for compensated absences is reported in the General Long-Term Obligation Account Group. All other fund types report this liability as a fund liability.

Cash Equivalents and Investments

Cash equivalents are short term, highly liquid investments having original maturities (remaining time to maturity at acquisition) of three months or less. Also included are cash management pools and money market funds that are used essentially as demand deposit accounts.

Primary Government - Investments are reported at market value for the investment trust funds, defined contribution funds and the Deferred Compensation Fund, which are all fiduciary funds. All other funds report equity securities at cost and debt securities at amortized cost.

Component Unit - The Workers' Compensation Assigned Risk Plan and the University of Minnesota report investments at market.

Inventories

Inventories for governmental funds are recorded as expenditures when purchased and therefore are not a resource available for appropriation. Inventories for all other funds are expensed when consumed. Inventories maintained by the various funds are determined by annual and periodic physical counts. The Trunk Highway Fund (special revenue fund) inventories are valued using the weighted-average cost. Inventories of the Miscellaneous Special Revenue and Northeast Minnesota Economic Protection (expendable trust) funds consist of repossessed properties held for resale, and are valued at market. Enterprise funds' inventories are valued using first-in first-out, average cost and specific cost methods. Internal service funds' inventories are valued using the first-in first-out method.

Restricted Assets

Mandatory asset segregations are presented in various enterprise funds as restricted assets. Such segregations are required by bond covenants and other external restrictions. The excess of restricted assets over liabilities payable from restricted assets will first be used for bonds payable. The remainder, if any, is included in reserved retained earnings.

Fixed Assets

Governmental Fund Types. Fixed assets for these funds are reported in the General Fixed Assets Account Group. General fixed assets are recorded at cost or, for donated assets, at fair market value at the date of acquisition. An inventory of land and buildings for general fixed assets was completed in 1985. Historical cost records for older fixed assets are incomplete or not available. Accordingly, estimated historical costs have been used in these situations. Tax forfeited land is not included in land inventory because the state does not take permanent title; when the land is sold, proceeds are distributed to local jurisdictions. Public domain (infrastructure) general fixed assets such as highways, curbs, bridges and lighting systems are not capitalized. Depreciation is not provided on general fixed assets nor is interest during construction capitalized.

Proprietary and Fiduciary Fund Types. Fixed assets for these funds are stated at cost or, for donated assets, at fair market value at date of acquisition. Such assets are depreciated or amortized on a straight-line basis over the useful lives of the assets. Estimated useful lives are as follows:

Buildings	40-50 years
Improvements (large)	20-50 years
Improvements (small)	3-10 years
Equipment	3-12 years

Depreciation on fixed assets acquired with resources externally restricted for that purpose is closed to contributed capital after being recognized in operations.

Depreciation reported on the Statement of Cash Flows exceeds that reported on the Statement of Revenues, Expenses and Changes in Retained Earnings for the internal service funds because a portion of depreciation is included in the cost of goods sold.

General Long-Term Liabilities

All unmatured long-term indebtedness not reported in a proprietary or fiduciary fund is accounted for in the General Long-Term Obligation Account Group. Included among these liabilities are the non-current portions of liabilities resulting from debt issuances, compensated absences, workers compensation claims, grant programs, arbitrage rebate requirements and some unfunded pension liabilities (see Note 7).

Bond Discounts, Bond Premiums and Deferred Costs

In governmental fund types, bond discounts, premiums and issuance costs are recognized in the current period. In the proprietary funds they are deferred and amortized over the life of the bonds using the effective interest method or the straight-line method, which approximates the effective interest method. The deferred costs reported are primarily for bond issuance costs of the enterprise funds.

Risk Management

The State is exposed to various risks of loss related to tort, theft of, damage to, or destruction of assets; errors or omissions, and employer obligations. The state manages these risks through the Risk Management Fund or self-insurance. (internal service funds)

The state has not experienced significant reduction in insurance coverage from the prior year. It has not had any settlements in excess of coverage for the past three years.

The state is prevented from insuring property against loss because of statutory prohibition. Certain agencies and programs are exempted from this prohibition, these include; the Stillwater Prison, State Universities, Community Colleges, Family Farm Security Program, Department of Military Affairs, Iron Range Resources and Rehabilitation Board, and the Sibley House. The Commissioner of the Department of Administration may authorize the purchase of insurance on state properties should it be deemed necessary and appropriate to protect buildings and content. All losses of state property are self-insured or are covered by programs of the Risk Management Fund or by insurance policies purchased by the Risk Management Fund on behalf of state agencies.

Tort claims against the state are limited by statute to \$200,000 per person for property damage or bodily injury up to \$600,000 per occurrence. Workers' Compensation claims are administered by the Workers' Compensation Special Revenue Fund. These risks are covered through self-insurance for which each state agency is responsible to pay for the cost of claims from their operating budgets. The legislature also makes an annual Tort Claim Appropriation to cover claims that would unduly impair agency operations. Agencies not able to cover claims through these two avenues must seek additional appropriations from the legislature.

The State also participates in the Workers' Compensation Reinsurance Association which pays for catastrophic workers' compensation claims in excess of the retention amount of \$450,000.

The State Health Plan is one of several healthcare plans offered by the state to its employees. The cost for these claims are covered by premiums paid by state agencies.

The State's financial statements record a payable in each fund where claims are probable and the amount of the loss can be reasonably estimated prior to the issuance of the statements.

State agencies may elect to participate in the Risk Management Fund which offers liability and property coverages. The agency pays a premium to participate in these coverages. All State agencies are required to purchase automobile liability coverage from the Fund.

The property coverage offers an agency a deductible between \$2,500 and \$100,000. The fund covers the balance of the claim up to \$100,000. The primary reinsurer covers losses up to \$25,000,000 after which the excess loss is shared among three reinsurers up to \$300,000,000. Once annual losses paid by the Risk Management Fund reaches \$1,000,000 the fund only has to pay the first \$10,000 of any loss claim.

Risk Management's liability coverage is up to the statutory limit of \$200,000 per person for property damage or bodily injury up to \$600,000 per occurrence. The Fund has reinsurance to cover aggregate annual claims in excess of \$2,800,000. Once this limit is reached the fund has to pay a \$5,000 maintenance deductible for each claim.

The Risk Management Fund purchases insurance policies for state agencies seeking other types of coverage. The type of policies concern risks that the state is not able to self-insure and include aviation, medical malpractice, and Foster Care Liability. The premiums for these policies are billed back to agencies at cost.

	<u>Beginning Claims Liability</u>	<u>Net Additions and Changes in Claims (*)</u>	<u>Payment of Claims</u>	<u>Ending Claims Liability</u>
Tort Claims (*)				
Fiscal Year Ending	-	\$365,000	\$365,000	-
6/30/95	-	\$732,000	\$732,000	-
Fiscal Year Ending				
6/30/96				
Workers Compensation				
Fiscal Year Ending	\$116,857,000	\$10,172,000	\$14,587,000	\$112,442,000
6/30/95				\$101,667,000
Fiscal Year Ending	\$112,442,000	\$1,855,000	\$12,630,000	
6/30/96				
State Health Plan (*)				
Fiscal Year Ending	\$12,328,000	\$100,371,000	\$100,711,000	\$11,988,000
6/30/95				\$10,790,000
Fiscal Year Ending	\$11,988,000	\$94,240,000	\$95,438,000	
6/30/96				
Risk Management Fund (*)				
Fiscal Year Ending	\$2,755,000	\$2,638,000	\$2,084,000	\$3,309,000
6/30/95			\$2,207,000	\$5,392,000
Fiscal Year Ending	\$3,309,000	\$4,290,000		
6/30/96				

* The Attorney General's Office does not recognize liabilities for Tort Claims. Claims have never exceeded funding appropriated by the legislature.

Budgeting and Budgetary Control

Minnesota operates on a two-year (biennial) budget cycle ending on June 30 of the odd-numbered years. Appropriations in the biennial budget are usually for a single year; however, where specified, single year appropriations are available for either year of the biennium. The governor's budget for the biennium is developed by the Department of Finance and presented to the legislature for approval. Specific appropriations are required for all expenditures from the General Fund and all special revenue funds except the Federal, Maximum Effort School Loan, Special Compensation, Iron Range Resources and Rehabilitation, Petroleum Tank Cleanup, and Miscellaneous Special Revenue Funds. Some appropriations are "open appropriations" for entitlement type, and some interfund transfer programs. In these cases, whatever amount is needed to fulfill the obligation for the fiscal year is made available; i.e., there is no limit on the amount which can be expended for the program. Estimates of the amount needed for such programs are included in the budget forecast.

Budgetary control is essentially maintained at the departmental level except for certain programs where control is at the program level. In most departments, upon notification of the governor and legislative leadership, department heads are permitted to revise budgets transferring amounts between programs in their departments.

It is standard practice for unencumbered appropriation balances to cancel to the fund at the end of the fiscal year. However, if specifically provided for in law or if statutory authority is invoked by the agency, the unencumbered balance may be carried forward between fiscal years. The budget and the state accounting system are maintained essentially on a cash basis with the exception that at year end, encumbered amounts are included in the expenditures of the year appropriated for budgetary reporting. The accounting system controls expenditures by appropriation line item as established in the legally adopted appropriation bills. In no instance did expenditures exceed authorized limits at the legal level of budgetary control. A separate report showing the detail of legal level of control and actual expenditures is available from the Department of Finance.

Eliminations

Eliminations have been incorporated into the report to exclude the significant double counting of assets and related income caused by the participation of certain fiduciary funds in the investment trust funds (also fiduciary funds). Defined Benefit Pension and Defined Contribution Funds (pension trust funds) and the Deferred Compensation Fund (an agency fund) invest part of their assets through the investment trust funds (also classified as pension trust funds).

Memorandum Only Totals Column

The totals columns on the Combined Financial Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Information in these columns does not present consolidated financial position, results of operations, or cash flows.

Comparative Data

Comparative totals for fiscal year 1995 are presented in the financial statements to provide an understanding of the changes in the state's financial position and operations. Disclosures relevant to the prior year are available in the state's fiscal year 1995 Comprehensive Annual Financial Report.

2. CASH AND INVESTMENTS

Cash and Cash Equivalents

Cash in most funds is held in the state treasury and is commingled in state bank accounts while most component unit cash is in separate accounts. The cash in individual funds may be invested separately where permitted by statute, but cash in most funds is invested as a part of an investment

pool. A fund's investment with the primary government's cash pools is reported as a cash equivalent. Investment earnings of the primary government's pools are allocated to the individual funds where provided by statute; earnings for all other participants are credited to the General Fund.

The following table summarizes the state's cash and cash equivalents (including amounts reported as restricted assets) at June 30, 1996, and December 31, 1995 (in thousands). Cash with the U.S. Treasury is available for the cash demands of the Reemployment Insurance Fund (expendable trust fund).

<u>Carrying Amount</u>	<u>Primary Government</u>	<u>Component Units</u>
Cash in Bank	\$94,523	\$12,580
Cash on Hand and Imprest Cash	2,020	9,336
Cash with Fiscal Agent	2,426	21,809
Cash with U.S. Treasury	443,740	-
Cash Equivalents:		
Cash Management Investment Pools	3,639,028	36,191
Other	<u>682,934</u>	<u>1,176,501</u>
Total Cash and Cash Equivalents	\$4,864,671	\$1,256,417

Cash and cash equivalents for the nonexpendable trust funds as of June 30, 1996, on the combined statement of cash flows is reconciled to the cash and cash equivalents on the combined balance sheet as follows (in thousands):

Cash and Cash Equivalents June 30, 1996:	
Pension Trust Funds	\$ 516,501
Nonexpendable Trust Funds	33,150
Expendable Trust Funds	933,786
Agency Funds	<u>183,893</u>
Total Fiduciary Funds	\$ 1,667,330

Deposits

At June 30, 1996, the primary government's bank balance for cash in bank was \$133,230,000. For component units at December 31, 1995, and at June 30, 1996, the bank balances for cash in bank was \$37,107,000. These balances were fully covered by federal depository insurance or collateral held by the state's agent in the state's name or held by the component unit in the component unit's name (lowest risk category). Minnesota Statutes, Section 9.031 requires that deposits be secured by depository insurance or a combination of depository insurance and collateral securities held in the state's name by an agent of the state. This statute further requires that such insurance and collateral shall be in amounts sufficient to ensure that the deposits do not exceed 90 percent of the sum of the insured amount and the market value of the collateral.

Investments

Nearly all of the state's investing is managed by the Minnesota State Board of Investment (MSBI). Minnesota Statutes, Section 11A.24 broadly restricts investments of the primary government to obligations and stocks of U.S. and Canadian governments, their agencies and their registered corporations, short-term obligations of specified high quality, restricted participation as a limited partner in venture capital, real estate, or resource equity investments, and restricted participation in registered mutual funds. A more conservative restriction which applies to certain funds is that investments be limited to fixed income securities. The conservative restriction applies to all funds except the Permanent School Fund (a nonexpendable trust fund), the defined benefit pension funds, and the investment trust funds (the latter fund categories are included among the pension trust funds).

Primary Government - Investments at June 30, 1996
(in thousands)

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Repurchase Agreements	\$ 874,946	\$ 874,948
Commercial Paper	2,294,900	2,294,905
Short Term Corporate Notes	7,491	7,491
U.S. Treasury Obligations	2,602,216	2,468,713
Mortgaged Backed	3,092,263	2,969,037
Corporate Obligations	2,399,395	2,305,337
Foreign & Other Obligations	230,172	223,285
Corporate Stocks	15,336,507	16,762,976
Other Equity	<u>1,255,182</u>	<u>1,340,288</u>
Total Investments in Risk Category 1	\$28,093,072	\$29,246,980
Trustee Managed Pools (not categorized)	<u>2,204,295</u>	<u>2,204,295</u>
Total Investments	\$30,297,367	\$31,451,275

Component Units - Investments at June 30, 1996 and December 31, 1995
(in thousands)

<u>Investment Type</u>	<u>Risk Category</u>			<u>Carrying Amount</u>	<u>Market Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Repurchase Agreements	\$98,198	\$ -	\$ -	\$98,198	\$98,198
Commercial Paper	301,641	-	-	301,641	301,933
Short Term Corporate Notes	560,888	44,102	-	604,990	604,990
U.S. Treasury Obligations	873,121	119,049	-	992,170	996,580
Mortgaged Backed	60,352	124,759	-	185,111	185,104
Corporate Obligations	113,654	129,835	-	243,489	243,489
Municipal & Other Obligations	108,443	-	-	108,443	108,476
Corporate Stocks	289,456	122,601	-	412,057	412,057
Other Equity	<u>30,117</u>	<u>-</u>	<u>-</u>	<u>30,117</u>	<u>30,117</u>
Total Investments Categorized	\$2,435,870	\$540,346	\$ -	\$2,976,216	\$2,980,944
Escrow Accounts of MC	-	-	77,147	77,147	77,147
Trustee Managed Pools/ Mutual Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>184,222</u>	<u>184,222</u>
Total Investments	\$2,435,870	\$540,346	\$77,147	\$3,237,585	\$3,242,313

Funds not invested by MSBI are primarily enterprise type funds. Investments for these funds must also conform to the above statute and may be further restricted by bond indentures.

The investment table on the previous page shows the state's risk category 1 and other investments, including cash equivalents, at their carrying and market values. Risk category 1 includes securities which are insured or registered or are held by the state or its agent in the state's name. Investments in risk category 2 include uninsured and unregistered securities held by the counterparty's trust department or agent in the component unit's name (the primary government has no investments in risk category 2). Investments in risk category 3 include uninsured and unregistered securities held by the counterparty or by its trust department or agent, but not in the component unit's name (the primary government has no investments in risk category 3).

3. CAMBRIDGE BANK LITIGATION FUNDS

Revenue bonds were issued to satisfy the claims and judgments resulting from litigation. The Cambridge Litigation Revenue Fund and the Cambridge Litigation Revenue Bond Fund are used to record revenues, bond proceeds, claims and judgments, and debt service. These funds are presented as part of the General Fund and the Debt Service Fund (governmental funds).

The General Fund and the Debt Service Fund as presented herein include the Special Revenue Fund ("Cambridge Litigation Revenue Fund") and the Revenue Bond Debt Service Fund ("Cambridge Litigation Revenue Bond Fund"), respectively, established and maintained in the state treasury and on the state's books and records as separate and special funds, pursuant to Minnesota

Statutes, Section 16A.67. The Cambridge Litigation Revenue Fund and the Cambridge Litigation Revenue Bond Fund were established by the Commissioner of Finance's Order dated May 1, 1996, entitled "Order of the Minnesota Commissioner of Finance for Issuance and Sale of \$200,000,000 State Revenue Bonds, Series 1996A" (the "Order"), and are required to be maintained until the State Revenue Bonds, Series 1996A, and any other revenue bonds hereafter issued and made payable from the Cambridge Litigation Revenue Bond Fund (the "Revenue Bonds") are paid or discharged in accordance with the Order. The Cambridge Litigation Revenue Fund is used to record receipts of certain non-tax Revenues (comprising Departmental Earnings, Medical Payments and Non-dedicated Lottery Revenues, all as defined in the Order), Revenue Bond proceeds and investment earnings, and the disbursement of Revenue Bond proceeds to pay costs of a judgment against the state and related claims described below, and the transfer of Revenues and investment earnings first to the Revenue Bond Debt Service Fund to pay debt service on the Revenue Bonds, and second to the General Fund to pay costs of state government.

The terms Departmental Earnings, Medical Payments and Non-dedicated Lottery Revenues are defined in the Order substantially as follows:

Departmental Earnings mean those certain license fees, service fees and other charges imposed by or pursuant to the state law, which are collected from the general public and regulated businesses and professions, the use of which is not otherwise restricted by federal law, which are not determined to constitute a tax of statewide application on any class of property, income, transaction or privilege, and which are not dedicated to another fund and penalties and interest on late payments of such fees and charges.

Medical Payments mean all amounts paid to the state by non-state resources for payment of, or as reimbursement for payment by the state from its General Fund, costs incurred for the care and treatment of mentally ill and developmentally disabled persons at Regional Treatment Centers.

Non-dedicated Lottery Revenues mean all Lottery Net Income not dedicated and required by the State Constitution, Article XI, Section 14 to be transferred to the Environment and Natural Resources Trust Fund.

For the Fiscal Year ended June 30, 1996, the funding received and transferred from the Cambridge Litigation Revenue Fund, including Revenues, Revenue Bond proceeds and investment earnings, and the funding received and disbursed from the Cambridge Litigation Revenue Bond Fund, were as follows (in thousands):

	Cambridge Bank <u>Litigation Revenue Fund</u>
Net Revenues:	
License Fees	\$ 85,609
Care & Hospitalization	85,952
Department Services	27,946
Investment/Interest Income	881
Other Revenues	<u>2,407</u>
Net Revenues	\$202,795
Expenditures:	
General Government	\$675
Debt Service	<u>228,780</u>
Total Expenditures	229,455
Other Financing Sources (Uses):	
Bond Proceeds	\$201,741
Operating Transfers	37,281
Transfers for Debt Service	<u>(35,298)</u>
Net Other Financing Sources (Uses)	<u>203,724</u>
Excess of Revenues and Other Sources	
Over (Under) Expenditures and Other Uses	\$177,064

The total claims are estimated at \$228,599,000. Principal and interest on claims paid during fiscal year 1996 totaled \$53,464,000 and \$56,362,000 respectively.

The Cambridge Litigation Revenue Fund and the Cambridge Litigation Revenue Bond Fund, while maintained and administered as separate funds on the official books and records of the state as covenanted and agreed in the Order, have been presented as part of the General Fund and the Debt Service Fund, respectively for financial reporting purposes for the following reasons. First, the purpose for which the Revenue Bonds were issued is to fund a portion of the judgment entered against the state in Cambridge State Bank v. James, 514 N.W.2d 565 (Minn. 1994) and related claims, wherein the Minnesota Supreme Court held that certain banks were entitled to a refund of taxes paid on income from federal obligations. The judgment and related claims are obligations of the General Fund and have been recorded as an accrued liability in the General Long Term Account Group. Second, the revenues appropriated to the Cambridge Litigation Revenue Fund have, prior to the establishment of the Cambridge Litigation Revenue Fund, been revenues of the General Fund. Third, revenues appropriated to the Cambridge Litigation Revenue Fund which are not required to be transferred to the Cambridge Litigation Revenue Bond Fund to pay debt service on the Revenue Bonds, are required to be and have been transferred to the General Fund, and once so transferred, are available only for General Fund purposes.

4. INTERFUND ACTIVITY

Interfund receivables and payables at June 30, 1996, including current portion of interfund advances, are summarized as follows (in thousands):

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>	<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 69,240	\$ 68,569	Fiduciary Funds:		
Special Revenue Funds:			Pension Trust Funds:		
Trunk Highway	\$ 34,199	\$ 3,020	Defined Benefit Pension Funds:		
Highway User Tax Distribution	-	66,131	Public Employees Retirement	\$ 532	\$ 10,701
Federal	603	56,418	Police and Fire	7	1,403
Environmental	-	305	Police and Fire Consolidation	17	3,205
Petroleum Tank Cleanup	6,445	-	Teachers Retirement	-	17,493
Solid Waste	1,654	99	State Employees Retirement	884	1,867
Minnesota Resources	-	2,119	State Patrol Retirement	-	739
Natural Resources	2,321	329	Correctional Employees Retirement	-	697
Game & Fish	-	858	Judicial Retirement	-	1,125
Maximum Effort School (Loan 10)	-	82	Elective State Officers	413	1
Health Care Access	14,461	269	Legislative Retirement	6,265	211
IRRRB	422	-	Defined Contribution Fund:		
Miscellaneous Special Revenue	<u>15,288</u>	<u>4,602</u>	Unclassified Employees Retirement	-	132
Total Special Revenue Funds	\$ 75,393	\$134,232	Investment Trust Fund:		
Capital Projects Funds:			Minnesota Post-Retirement	36,670	-
Building	\$ -	\$ 333	Nonexpendable Trust Funds:		
Total Capital Projects Funds	\$ -	\$ 333	Permanent School	-	14,340
Debt Service Fund	\$ 35,313	\$ -	Environment and Natural Resources	2,770	7,215
Enterprise Funds:			Expendable Trust Funds:		
State Lottery	\$ -	\$9,049	Municipal State-Aid Street	6,476	-
College & University Enterprise	415	-	County State-Aid Highway	22,040	-
Public Employees Insurance	46	18	Endowment School	10,368	-
Private Employers Insurance	-	46	Endowment	108	-
Enterprise Activities	<u>83</u>	<u>-</u>	Environment and Natural Resources	7,215	-
Total Enterprise Funds	\$ 544	\$ 9,113	Reemployment Insurance	-	4,477
Internal Service Funds:			Agency Funds:		
Intertechnologies	\$ -	\$1,999	Deferred Compensation	-	577
State Printer	25	-	Miscellaneous Agency	5,143	9
Central Motor Pool	-	893	Total Fiduciary Funds	<u>\$98,908</u>	<u>\$64,192</u>
Employee Insurance	18	-			
Central Services	<u>-</u>	<u>110</u>			
Total Internal Service Funds	\$ 43	\$ 3,002	Total Primary Government	\$279,441	\$279,441

The noncurrent portion of interfund advances at June 30, 1996, are summarized as follows (in thousands):

	Advances To Other <u>Funds</u>	Advances From Other <u>Funds</u>
General Fund	\$ 1,325	\$ -
Special Revenue Funds:		
Health Care Access	2,075	-
Miscellaneous Special Revenue	-	21
Capital Projects Funds:		
Building	-	9
Enterprise Funds:		
Private Employers Insurance	-	2,075
Internal Service Funds:		
Central Motor Pool	-	<u>1,295</u>
Total All Funds	<u>\$3,400</u>	<u>\$3,400</u>

Component Units

Transfers-out to component units exceeds transfers-in from primary government by \$505,462,000. Of this amount, \$2,650,000 is due to a transfer of contributed capital to the Public Facilities Authority and \$512,342,000 is classified as state appropriation revenue. The University of Minnesota (U of M) appropriation revenues are \$9,530,000 more than the transfers-out to component units (U of M) because the University of Minnesota recognizes appropriation revenue when approved by the legislature under college and university basis accounting.

Due from primary government exceeds due to component units by \$165,234,000. This difference is due to the U of M recognizing state appropriations when approved by the legislature under college and university basis of accounting. The U of M also recognizes \$40,999,000 due to the primary government for its required share of state general obligation debt service for which the primary government does not recognize a receivable. Any remaining differences are the result of component units reporting on different fiscal years.

Residual equity transfers-out exceed similar transfers-in by \$80,000 because of differing reporting focuses for proprietary and governmental fund types. These residual equity transfers from governmental fund types are reported as part of the increase to contributed capital in the proprietary funds.

5. LOANS, NOTES AND FINANCING LEASES RECEIVABLE

Loans, notes, and financing leases receivable, net of allowances for possible losses, as of June 30, 1996, consisted of the following (in thousands):

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Fiduciary</u>
Student Loan Programs	\$ 386	\$ 146	\$ -	\$33,656	\$ -
Economic Development	9,334	6,190	23,042	-	12,571
School Districts	-	128,076	-	-	-
Energy	-	4,293	10,839	-	-
Agricultural	3,961	4,215	-	-	-
Transportation	-	20,104	-	-	-
Resources	1,975	-	-	-	-
Other	-	<u>13,555</u>	<u>85</u>	-	-
Total	<u>\$15,656</u>	<u>\$176,579</u>	<u>\$33,966</u>	<u>\$33,656</u>	<u>\$12,571</u>

	<u>Component</u>
Metropolitan Council (Governmental)	\$11,488
Agricultural and Economic Development	18,385
Rural Finance Administration	38,080
Housing Finance	1,745,734
Public Facilities Authority	371,030
Higher Education Services Office	184,001
University of Minnesota	<u>63,254</u>
Total	\$2,431,972

The amount reported for loans receivable between component units does not equal the amount reported for loans payable between component units because of differing fiscal year ends (December and June).

6. FIXED ASSETS

Primary Government

Summary of Changes in General Fixed Assets
(in thousands)

	<u>Balances</u> <u>July 1, 1995</u>	<u>Additions</u>	<u>Deductions</u>	<u>Completed</u> <u>Construction</u>	<u>Adjustments</u>	<u>Balances</u> <u>June 30, 1996</u>
Land	\$ 259,412	\$ 15,676	\$ 261	\$ -	\$ 9,127	\$ 283,954
Buildings	1,219,322	3,129	2,608	70,498	414,832	1,705,173
Equipment	342,857	38,164	20,339	-	52,148	412,830
Construction in Progress	<u>137,902</u>	<u>108,763</u>	<u>-</u>	<u>(70,498)</u>	<u>41,619</u>	<u>217,786</u>
Total	\$1,959,493	\$165,732	\$23,208	\$ -	\$517,726	\$2,619,743

Governmental fund capital outlay expenditures totaled \$508,816,000 for fiscal year 1996. Of this amount, \$343,084,000 was for infrastructure fixed assets which are not included in general fixed assets. Donations of general fixed assets received during fiscal year 1996 are valued at \$1,921,000. Other adjustments were primarily for the Technical Colleges that are now part of the primary government and are reported with Minnesota State Colleges and Universities. The total adjustment for the Technical Colleges was \$510,700,000. The remaining adjustments were corrections of prior year balances.

General fixed assets purchased with resources provided by outstanding capital lease agreements at June 30, 1996, consisted of equipment costing \$47,927,000 and buildings costing \$1,781,000.

Authorizations and commitments as of June 30, 1996, for the largest construction in progress projects consisted of the following (in thousands):

	<u>Educational</u> <u>Buildings</u>	<u>Veterans</u> <u>Home</u>	<u>Correctional</u> <u>Facilities</u>	<u>Zoological</u> <u>Garden</u>
Authorization	\$106,194	\$8,000	\$ 54,888	\$20,500
Expended through June 30, 1996	35,432	527	50,943	7,105
Unexpended Commitment	<u>24,077</u>	<u>6,831</u>	<u>3,440</u>	<u>12,991</u>
Available Authorization	\$ 46,685	\$ 642	\$ 505	\$ 404

Commitments are reserved in the fund balance for either encumbrances or long-term commitments.

Proprietary and fiduciary fund type fixed assets consisted of the following as of June 30, 1996 (in thousands):

	Enterprise Funds	Internal Service Funds	Fiduciary Funds	Combined Totals
Land	\$ 3	\$ -	\$15,409	\$ 15,412
Buildings	104,081	-	-	104,081
Land and Building Improvements	41,300	2,697	-	43,997
Equipment	<u>26,328</u>	<u>113,787</u>	<u>2,271</u>	<u>142,386</u>
Total	\$171,712	\$116,484	\$17,680	\$305,876
Less: Accumulated Depreciation	<u>90,527</u>	<u>74,349</u>	<u>1,152</u>	<u>166,028</u>
Net Total	\$ 81,185	\$ 42,135	\$16,528	\$139,848

Land in the Permanent School Fund (nonexpendable trust fund) totaling 2,509,593 acres was donated by the federal government and is valued at the estimated fair market value at the time of donation.

Component Units

Component Unit fixed assets consisted of the following as of the end of their respective fiscal year (in thousands):

	Metropo -	Minnesota Technology Incorporated	Higher Education Services Office (Governmental)	Housing Finance Agency	Public Facilities Authority	Metropolitan Council (Proprietary)	National Sports Center Foundation	Higher Education Services Office (Proprietary)	Universit	Combined Totals
Building	\$ -	\$ -	\$ -	\$ -	\$ -	\$1,374,970	\$ -	\$ -	\$	\$1,374,970
Land	-	-	-	-	-	11,933	190	-	-	50,272
Land and Building Improvements	-	-	-	-	-	33,386	205	-	1,415,79	1,449,387
Equipment	10,151	2,091	439	1,654	233	275,214	142	104	631,857	921,885
Other Fixed	-	-	-	-	-	-	-	-	-	239,919
Total	\$10,15	\$2,091	\$439	\$1,654	\$233	\$1,695,503	\$537	\$104	\$2,325,7	\$4,036,433
Less: Accumulated Depreciation	-	<u>1,260</u>	-	<u>815</u>	<u>228</u>	<u>544,104</u>	<u>77</u>	<u>28</u>	-	<u>1,661,421</u>
Net Total	\$10,15	\$831	\$439	\$839	\$ 5	\$1,151,399	\$460	\$ 76	\$1,210,8	\$2,375,012

7. GENERAL LONG-TERM OBLIGATIONS

Primary Government

A summary of general long-term obligations at June 30, 1996 and the changes during fiscal year 1996 is as follows (in thousands):

	July 1, 1995 Balances	Increases	Decreases	June 30, 1996 Balances
Liabilities For:				
General Obligation Bonds	\$1,892,169	\$439,625	\$169,780	\$2,162,014
Loans	40,775	229	7,693	33,311
Revenue Bonds	34,327	212,690	44,307	202,710
Grants	417,578	423,838	417,578	423,838
Claims	372,389	154,506	336,836	190,059
Compensated Absences	205,376	62,536	31,680	236,232
Workers Compensation	112,442	2,299	13,074	101,667
Capital Leases	15,808	4,827	7,441	13,194
Pension Liabilities	8,702	-	8,176	526
Other Liabilities	<u>704</u>	<u>183</u>	<u>26</u>	<u>861</u>
Totals	\$3,100,270	\$1,300,733	\$1,036,591	\$3,364,412

The resources to repay the various general long-term obligations have been or will be provided from the fund types as follows (in thousands):

	General Fund	Special Revenue Funds	Totals
Liabilities For:			
General Obligation Bonds	\$2,008,194	\$153,820	\$2,162,014
Loans	-	33,311	33,311
Revenue bonds	202,710	-	202,710
Grants	423,838	-	423,838
Claims	23,000	167,059	190,059
Compensated Absences	148,854	87,378	236,232
Workers Compensation	83,239	18,428	101,667
Capital Leases	5,793	7,401	13,194
Pension Liabilities	526	-	526
Other Liabilities	861	-	861
Totals	\$2,897,015	\$467,397	\$3,364,412

Principal and interest payment schedules (in thousands) are provided in the following table for general obligation bonds, revenue bonds, loans, capital leases and arbitrage. The liability for grants was liquidated in October, 1996. There are no payment schedules for claims, compensated absences, workers compensation or pension liabilities.

Fiscal Year (s)	General Obligation Bonds	Loans	Bonds	Capital Leases	Arbitrage	Totals
1997	\$ 285,408	\$ 10,186	\$62,755	\$6,827	\$ 32	\$ 365,208
1998	276,472	7,402	30,621	4,223	286	319,004
1999	275,389	5,241	30,524	2,245	504	313,903
2000	251,248	5,241	55,625	897	26	313,037
2001	233,761	5,241	55,501	184	13	294,700
Thereafter	<u>1,733,120</u>	-	<u>1,707</u>	<u>450</u>	-	<u>1,735,277</u>
Total Payments	\$3,055,398	\$33,311	\$236,733	\$14,826	\$861	\$3,341,129
Interest	<u>893,384</u>	-	<u>34,023</u>	<u>1,632</u>	-	<u>929,039</u>
Total Principal	\$2,162,014	\$33,311	\$202,710	\$13,194	\$861	\$2,412,090

Minnesota Statutes, Section 16A.641 provides for an annual appropriation for transfer to the Debt Service Fund. The amount of the appropriation is to be such that, when combined with the balance on hand in the Debt Service Fund on December 1 of each year for state bonds, it will be sufficient to pay all general obligation bond principal and interest due and to become due through July 1 in the second ensuing year. If the amount appropriated is insufficient when combined with the balance on hand in the Debt Service Fund, the state constitution requires the state auditor to levy a statewide property tax to cover the deficiency. No such property tax has been levied since 1969 when the law was enacted requiring the appropriation.

In fiscal year 1996 the Department of Finance made the necessary transfers (in thousands) to the Debt Service Fund as follows:

General Fund	\$237,313
Special Revenue Funds:	
Trunk Highway Fund	11,626
Natural Resources Funds	98
Maximum Effort School Loan Fund	10,175
Miscellaneous Special Revenue Fund	499
Capital Projects Fund (Building Fund)	8,400
Expendable Trust Fund (Endowment Fund)	1,110
Component Units:	
Rural Finance Authority	4,109
University of Minnesota	<u>4,192</u>
Total Operating Transfers to Debt Service Fund	\$277,522

The amount shown in the Debt Service Fund as reserved for debt requirements differs from that shown in the General Long-Term Obligation Account Group as Amount Available in Debt Service Fund because the Debt Service Fund amount includes amounts for both principal and interest on general obligation bonds while the General Long-Term Obligation Account Group includes only the amount for bond principal.

One issue of general obligation bonds is recorded as the liability of an enterprise fund, the State Colleges and Universities Revenue Fund, because the earnings of the fund are pledged for repayment of these bonds. This fund makes debt service transfers to the Debt Service Fund, fulfilling the legal requirements for general obligation debt service. Debt service transfers and the earnings on them are reported as restricted assets in the enterprise fund and as funds held in trust in the Debt Service Fund. The Debt Service Fund makes the payments for these bonds. The General Fund remains secondarily liable for these bonds.

General Obligation Bond Issues

On August 1, 1995, and May 1, 1996, \$215,000,000 and \$210,000,000 respectively in general obligation state various purpose bonds were issued at a true interest rate of 5.39 and 5.34 percent respectively. During fiscal year 1996, \$169,780,000 in general obligation bonds principal was repaid.

Advance Refunding

In previous years the state issued general obligation refunding bonds to refund obligations of certain bond issues. The proceeds of the bond issues were placed in special escrow accounts and invested in government securities. These investments have been certified to be sufficient to pay all principal and interest on the bonds when due. Accordingly, the original refunded bonds have been eliminated, and the new advance refunding bonds added to the General Long-Term Obligation Account Group.

The balance outstanding for all extinguished debt at June 30, 1996, was \$631,490,000 consisting of the following (in thousands). The state remains contingently liable to pay the refunded general obligation bonds.

Outstanding Defeased Debt

Refunding Date	Refunding Amount	Refunded Amount	Outstanding Amount	Final Maturity Date
August 1, 1992	\$ 243,100	\$ 230,480	\$ 169,430	August 1, 1998
May 1, 1993	292,260	273,190	246,640	August 1, 2000
August 1, 1993	146,995	133,770	133,770	August 1, 2001
November 1, 1993	<u>91,720</u>	<u>81,650</u>	<u>81,650</u>	August 1, 2002
Total	\$774,075	\$719,090	\$631,490	

A schedule of general obligation bonds authorized but unissued and bonds outstanding at June 30, 1996, is provided in the table below (in thousands):

<u>Purpose</u>	<u>Authorized But Unissued</u>	<u>Amount Outstanding</u>	<u>Interest Rates Range - %</u>
State Building	\$ 765,155	\$ 969,770	3.75 - 9.63
State Transportation	59,885	41,150	4.69 - 9.31
Waste Management	7,250	4,150	5.00 - 8.66
Water Pollution Control	1,237	94,905	4.58 - 8.66
Maximum Effort School Loan	12,650	114,400	5.00 - 8.40
Municipal Aid	3,836	-	
Reinvest in Minnesota	810	22,605	5.00 - 7.20
Rural Finance Administration	40,500	49,510	5.00 - 8.95
Refunding Bonds	-	755,669	5.00 - 8.41
Exchange Bonds	-	6,290	.05
School Energy Building	80	9,210	5.00 - 9.31
Game and Fish Building	-	370	7.96 - 8.66
Trunk Highway	-	39,050	3.75 - 9.31
Airport Facilities	130,040	44,960	4.40 - 7.95
Landfill	80,000	9,975	5.00 - 6.00
Totals	\$1,101,443	\$2,162,014	

Revenue Bonds Payable

On May 1, 1996, \$200,000,000 in state revenue bonds were issued at a true interest rate of 4.71 percent. These revenue bonds are special obligations, not general obligations, of the state payable solely from and secured by certain revenues.

Revenue bonds payable totaling \$202,710,000 reported in the General Long-Term Obligation Account Group are special obligations of the state and for airport facilities secured by St. Louis County.

Loans

Loans payable are the result of loans from local governments to the state for preliminary financing of highway construction projects. This financing provides advance funding of the state and federal share of these projects. Loan repayment without interest begins after completion of the related project.

Claims

Municipal solid waste landfills liability totaling \$152,279,000 for closure and postclosure care are reported for the landfill cleanup program payable from the Solid Waste Fund, a special revenue fund.

Additional claims are for workers' compensation claims for employees of uninsured and bankrupt firms. These claims are funded by an assessment on insurers and are payable from the Special Compensation Fund, a special revenue fund.

Grants

School aid grant final payments are based on data for one fiscal year but are paid from resources appropriated for the subsequent year as specified in law. Therefore, the grants reported as general long-term obligations are not considered liabilities until they are normally expected to be liquidated with expendable available financial resources. Liabilities totaling \$423,838,000 for such grants are recognized at June 30, 1996. This amount represents final payments for school aids for fiscal year 1996, payable in October, 1996, from fiscal year 1997 appropriations.

Compensated Absences

The liability for compensated absences for governmental funds totaling \$236,232,000 is primarily for vacation leave and for vested sick leave, which is payable as severance pay under specific conditions. Both amounts are paid only at the time of termination from state employment. This obligation will be liquidated using future resources at unspecified times.

Workers Compensation

The liability for workers' compensation reported is based on claims filed for injuries to state employees occurring prior to June 30, 1996, and is an undiscounted estimate of future payments. The liability will be liquidated using future resources at unspecified times.

Leases

Capital leases payable are for those leases meeting the criteria in GASB Statement 1, Authoritative Status of NCGA Pronouncements and AICPA Industry Audit Guide. See Note 8 for minimum future payments under operating leases.

Pension Liabilities

The pension liabilities of \$526,000 represent the fiscal year 1996 funding deficit for the pension trust funds. This liability is the amount for any fund that the actuarially determined contribution requirement exceeds actual contributions made. See Note 16.

Other Liabilities

Other liabilities is the arbitrage rebate payable to the federal government of \$861,000. It is the estimate of excess earnings on tax-exempt bond proceeds and debt service reserves as required under the Tax Reform Act of 1986 and U.S. Treasury regulations and penalties. Interest earnings on bond proceeds are used primarily for debt service payments. The arbitrage rebate will be paid through an appropriation from the General Fund. There is no reservation of assets for this liability.

Component Units

The Metropolitan Council (MC) (governmental fund) issues general obligation bonds for parks, solid waste, sewers, and transportation, backed by the MC full faith and credit and taxing powers. The MC had \$121,303,000 in general obligation bonds outstanding for the year ended December 31, 1995.

The Rural Finance Authority (governmental fund) issued on September 1, 1995, and June 1, 1996, \$5,000,000 and \$9,625,000 respectively in general obligation taxable state Rural Finance Authority program bonds at a true interest rate of 6.94 and 6.98 percent respectively. The repayment debt schedule is included with the primary government's debt schedule.

The following is a debt repayment schedule for Metropolitan Council (MC) and the Agricultural and Economic Development Board (AEDB).

Long-Term Debt Repayment Schedule
Component Units - Government Funds
(in thousands)

General Obligation		Revenue	
	<u>Bonds</u>		<u>Bonds</u>
	<u>MC</u>		<u>AEDB</u>
Year Ending <u>December 31</u>	<u>Amount</u>	Year Ending <u>June 30</u>	<u>Amount</u>
1996	\$23,927	1997	\$10,572
1997	19,764	1998	3,670
1998	18,324	1999	3,816
1999	27,088	2000	3,796
2000	15,012	2001	3,888
Thereafter	<u>46,007</u>	Thereafter	<u>38,050</u>
Total	\$150,122		\$63,792
Interest	<u>28,819</u>		<u>25,307</u>
Bond Principal	\$121,303		\$38,485

8. LEASE AGREEMENTS

Operating Leases

The state and its component units are committed under various leases primarily for building and office space. These leases are considered for accounting purposes to be operating leases. Lease expenditures for the year ended June 30, 1996, totaled \$38,379,999 and \$984,134 for the state and component units respectively. Lease expenditures for the year ended December 31, 1995, totaled \$2,224,000 for component units. Future minimum lease payments for existing lease agreements are as follows (in thousands):

Primary Government		Components Units			
Year Ending June 30	<u>Amount</u>	Year June 30	<u>Amount</u>	Year Ending December 31	<u>Amount</u>
1997	\$ 46,146	1997	\$ 919	1996	\$ 2,013
1998	38,022	1998	929	1997	2,046
1999	26,012	1999	869	1998	2,024
2000	16,295	2000	283	1999	494
2001	11,951	2001	288	2000	150
Thereafter	<u>821</u>	Thereafter	<u>-</u>	Thereafter	<u>-</u>
Total	\$139,247	Total	\$3,288	Total	\$6,727

Capital Leases

The state and its component units have entered into several capital lease agreements to purchase equipment. The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risk of ownership to the lessee. The terms of each agreement provide options to purchase the equipment at any time during the lease period.

In the governmental funds, equipment purchased through capital lease agreements is included with the general fixed assets. The state's liability for these capital leases is included in general long-term obligations (see Note 7).

9. LONG-TERM OBLIGATIONS - PROPRIETARY FUNDS

Revenue Bonds

Primary Government

The agencies listed below (enterprise fund activity) have the authority to issue, and have issued, bonds which are not general obligations of the state but are payable solely from rentals, revenues and other income, charges and monies as were pledged for repayment. Premiums and discounts on revenue bonds are amortized using the interest method over the life of the bonds to which they relate.

The State Colleges and Universities Revenue (SCU) is authorized by Minnesota Statutes Section 136.41 to issue revenue bonds in the principal amount of \$104,800,000 to finance the acquisition, construction and remodeling of college buildings for residence hall, student union and food service purposes.

The Minnesota State Colleges and Universities (MnSCU), which is included in the College and Universities Enterprise Activities (CUEA), financed the construction of a dormitory and a modular housing project through the Higher Education Facilities Authority. The \$1,900,000 debt for these two projects is reported by the MnSCU in the CUEA.

Component Units (proprietary funds)

The Housing Finance Agency (HFA) is authorized by Minnesota Statutes Section 462A.08-.14 to issue its bonds and notes for the purpose of providing funds for rehabilitation loans, construction loans and mortgage loans to sponsors of residential housing for families of low and moderate income, or for refunding bonds. The amount of such bonds outstanding at any time shall not exceed \$2,400,000,000.

The Public Facilities Authority (PFA) is authorized by Minnesota Statutes Sections 446A.12 to issue revenue bonds for the purpose of making loans to municipalities for wastewater treatment facilities. The amount of such bonds outstanding at any time shall not exceed \$450,000,000.

The Metropolitan Council (MC) issues stadium revenue bonds and transportation general obligation bonds backed by the MC in full faith and credit and taxing powers.

The Higher Education Services Office (HESO) is authorized by Minnesota Statutes Sections 136A.171-.175 to issue revenue bonds and notes to finance guaranteed loans for students attending eligible post-secondary educational institutions. The amount of such bonds outstanding at any one time, not including refunded bonds or otherwise defeased or discharged bonds, may not exceed \$550,000,000.

The University of Minnesota issues revenue bonds and general obligation bonds for capital projects at the campus and the University Hospital and Clinic.

General Obligation Bonds

General obligation bonds have been issued for the State Colleges and Universities (SCU) Revenue Fund (an enterprise fund). The liability for these bonds is reported in that fund. The earnings of the fund are pledged for repayment of the general obligation bonds and any revenue bonds sold for the same purpose. At June 30, 1996, the total of general obligation bonds outstanding in the SCU Revenue Fund was \$1,610,000.

Bond Defeasances

For proprietary fund debt that was defeased in prior years through in-substance defeasances, the outstanding defeased amount as of June 30, 1996, for SCU is \$34,570,000. SCU remains contingently liable to pay this defeased debt.

Primary Government

Long-Term Debt Repayment Schedule Proprietary Funds - June 30, 1996 (in thousands)

Fiscal Year(s)	Revenue Bonds		General Obligation Bonds
	SCU	CUEA	SCU
1997	\$ 2,674	\$ 85	\$ 873
1998	2,700	95	828
1999	2,710	95	-
2000	2,571	105	-
2001	2,561	105	-
Thereafter	<u>51,044</u>	<u>1,415</u>	<u>-</u>
	\$64,260	\$1,900	\$1,701
Interest	<u>(32,660)</u>	<u>-</u>	<u>(91)</u>
Bond Principal	\$31,600	\$1,900	\$1,610

Component Units

Long-Term Debt Repayment Schedule Component Units - June 30, 1996 (in thousands)

Fiscal Year(s)	Revenue Bonds					General Obligation Bonds	
	HFA	PFA	MC*	HESO	U of M	MC*	U of M
1996	\$ -	\$ -	\$ 4,031	\$ -	\$ -	\$ 86,922	\$ -
1997	166,687	28,956	4,031	1,875	1,004	60,084	19,757
1998	158,819	30,152	4,029	1,875	1,026	57,503	19,499
1999	158,490	31,042	4,029	1,875	1,042	84,311	16,349
2000	158,302	30,772	4,031	20,250	1,062	53,287	16,049
2001	154,572	31,569	4,029	1,875	1,062	49,089	15,749
Thereafter	<u>3,431,978</u>	<u>366,616</u>	<u>32,245</u>	<u>103,657</u>	<u>13,827</u>	<u>160,563</u>	<u>254,557</u>
	\$4,228,848	\$519,107	\$56,425	\$131,407	\$19,023	\$551,759	\$341,960
Unamortized (Discount)/Premium	-	841	-	-	-	(2,767)	-
Interest	(2,182,048)	(180,007)	(18,440)	(46,407)	(4,273)	(247,099)	(110,800)
Accretion	<u>-</u>	<u>(14,119)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Bond Principal	\$2,046,800	\$325,822	\$37,985	\$85,000	\$14,750	\$301,893	\$231,160

*MC fiscal year ends December 31, 1995

10. LONG-TERM COMMITMENTS

Long-term commitments consist of grant agreements, construction and other contracts. These commitments will be partially funded by current reserves for long-term commitments with the remaining resources provided by future bond proceeds, mining tax revenues and federal grants. Long-term commitments as of June 30, 1996, were as follows (in thousands):

Special Revenue Fund:	
Trunk Highway Fund	\$280,791
Capital Projects Funds:	
General Project Fund	356
Transportation Fund	21,483
Building Fund	<u>197,378</u>
Total Primary Government	<u>\$500,008</u>
Component Unit:	
University of Minnesota	\$275,386

11. CONTINGENT LIABILITIES - LITIGATION

1) Payment of tort claims against the state is made from funds appropriated by the Minnesota Legislature to agencies for their general operations to the extent such funds are available without unduly hindering the operation of the agency, from appropriations of dedicated receipts if practicable or from funds appropriated for the payment of tort claims for that purpose. The tort claims appropriations for the fiscal year ending June 30, 1995, appropriations were \$900,000; for fiscal year ending June 30, 1996 appropriations were \$900,000, and of the amount appropriated for tort claims for fiscal years 1996 and 1997, \$225,000 was transferred to the corrections ombudsman to settle an age discrimination case. The maximum limits of liability for tort claims are \$200,000 for any individual claim and \$600,000 for any number of claims arising out of a single occurrence.

2) Lawsuits based on non-tort theories furnish another basis for potential liability. The following cases, or categories of cases, in which the state, its officers or employees, are defendants have been noted because an adverse decision in each case or category of case could result in an expenditure of state moneys of over \$10,000,000 in excess of current levels.

a. At any one time, there are hundreds of long-term care rate appeals pending with the Department of Human Services. In the aggregate, it is possible that the adverse impact of the appeals exceeds \$10 million. Any liability comes from a combination of the federal and General funds and a lesser amount from local governmental units.

b. At any one time, there are hundreds of Department of Transportation eminent domain actions being litigated in district courts throughout the state. There is a continuous flow of such cases, with the actual number depending on many factors such as the number of parcels of land that can be acquired by direct purchase, the construction needs of the Department and revenues available for highway projects. In the aggregate, the potential cost to the state for property which has been or will be acquired exceeds \$10 million. Liability arising out of decisions unfavorable to the state may impact the state's trunk highway fund.

c. At any one time, there are claims and cases pending against various state agencies, including but not limited to, the Departments of Administration and Transportation and the Minnesota State Colleges and Universities, and other potentially responsible parties for clean-up of hazardous and other contaminated waste sites under federal and state superfund and other environmental laws. In the aggregate, it is possible that the potential liability of the state for such claims may exceed \$10 million because all parties are jointly and severally liable under federal and state superfund laws. Liability out of decisions unfavorable to the state may impact the trunk highway fund for claims against the Department of Transportation and the state's General Fund for claims against other state agencies.

d. *Independent School District No. 625, Saint Paul, Minnesota v. State of Minnesota*, Ramsey County District Court. The St. Paul School District ("District") commenced a suit in state court against the State of Minnesota, the Legislature, the Governor, the Board of Education, and the Department of Children, Families and Learning and its Commissioner claiming that the State has failed to provide sufficient resources to the District to enable it to provide an adequate education to the District's poor and minority students and students in need of special education and English instruction. The complaint seeks declaratory relief and an order that the State provide the District with the resources it needs. The complaint also seeks an order enjoining the State from continuing to sue the current number of students enrolled from families receiving AFDC benefits. While it is impossible at this point to accurately predict the State's exposure in this case, especially since the District has not quantified the additional resources it seeks, it is possible that the State could be ordered to pay in excess of \$10 million to the District. The defendants have moved to dismiss the District's complaint for failure to state a claim upon which relief can be granted. A hearing on the motion is scheduled for January 8, 1997.

e. *Minneapolis Branch of the NAACP v. State of Minnesota*. Hennepin County District Court. In September 1995, the Minnesota Branch of the NAACP and several Minneapolis school children and their parents brought suit in State Court against the State of Minnesota, the Governor, the Treasurer, the Auditor, the Attorney General, the Legislature, various legislators, the State Department of Children, Families and Learning and several of its officials, the State Board of Education and its members, and the Metropolitan Council, claiming that the segregation of minority and poor students in the Minneapolis public schools has deprived the students of an adequate education in violations of the Minnesota Constitution. The plaintiffs also claim that the unequal education received by Minneapolis students relative to students in suburban schools violates the Minneapolis students' right to equal protection under the Minnesota Constitution. The Metropolitan Council is no longer a defendant in the plaintiffs' state court action. The suit, which is being brought as a class action, seeks a declaratory judgment that the defendants have violated the law, and injunction requiring them to obey the law and to provide the students an adequate and desegregated education, and an award of attorney fees. It is impossible at this point to estimate the State's exposure in this case especially since the plaintiffs have not articulated the precise relief they are seeking. While the complaint does not request monetary damages, it does request injunctive relief that could force the State to spend a substantial sum of money for additional funding of various items for the Minneapolis schools, and increased busing expenses. Since the complaint alleges that the segregation of the Minneapolis schools is at least partially the result of housing practices and policies that have caused disproportionate concentrations of poor and minority students in select areas, it is possible that the relief the plaintiffs will ultimately request will involve the redistribution of minority and poor families in the Minneapolis/St. Paul metropolitan area. The cost of any such relief, if required to be paid by the State, could exceed \$10 million. The district court denied the State's motion to dismiss as to the State and certain principal named defendants but the district court did grant the motion to dismiss as to certain other state officials. The district court denied the plaintiffs' motion for partial summary judgment. In early November 1996, the district court issued an order certifying these legal questions for appeal. Pursuant to this order, the defendants will be filing an appeal and seeking accelerated review by the Minnesota Supreme Court. The parties are also planning to mediate the issues in dispute. In the meantime, district court proceedings are continuing.

f. *Minnesota Home Health Care Association v. Gomez*, United States District Court. Pursuant to this order, the defendants will be filing an appeal and seeking accelerated review by the Minnesota Supreme Court. Plaintiffs allegedly represent a class of all home health care agencies in the State of Minnesota. They have sued the Department of Human Services ("DHS") for declaratory and injunctive relief claiming that DHS has violated federal law (i) by failing to determine payment rates for home health care service providers which are consistent with efficiency, economy and quality of care and which are sufficient to provide adequate patient access, and (ii) by failing to comply with the State Medical Assistance (MA) Plan and DHS rules which allegedly require DHS to pay for services at the provider's submitted charge. The potential loss to the State is estimated at \$20 million and may impact the Accounting General Fund. The State prevailed in the District Court. The case is on appeal to the Eighth Circuit Court of Appeals.

g. *PepsiCo, et al. v. Commissioner of Revenue*. Tax Court. The taxpayers are twelve corporations who claim unconstitutional treatment under certain provisions of Minnesota tax law. The most significant issue in the case involves the tax provision which accorded a special research and development credit only to domiciliary corporations. The Department of Revenue has not determined the potential refund liability were the plaintiffs to prevail; however, the aggregate refunds to all similarly-situated taxpayers could exceed \$10 million dollars.

h. *Peter v. Johnson, et. al.*, United States District Court. Plaintiffs claim that the State and school districts are required to provide certain special education services in private, parochial schools by the First Amendment freedom of speech and religion, the Fourteenth

Amendment, the Equal Protection Clause, the Religious Freedom Restoration Act and the Individuals with Disabilities Education Act. Although damages, costs and attorneys' fees are claimed, no specific dollar amount is identified. If the State should lose the case, the amount of any judgment is difficult to estimate and it is possible that any relief granted could result in the expenditure of funds for education programs in excess of \$10,000,000 above current levels. The case is in the discovery stage and dispositive motions are anticipated to be heard by the end of 1996 or early 1997.

i. *Rural American Bank - Ada f/k/a First Bank of Ada, et al. v. Commissioner of Revenue.* Ramsey County District Court. The taxpayers claim they are entitled to refunds pursuant to the Court's decision in *Cambridge State Bank, et al v. Commissioner of Revenue*, 514 N.W. 2d 565 (Minn. 1994) in which the Court struck down a provision of the franchise tax law which taxed interest income from federal obligations. The complaint and alternative writ of mandamus seek to require the Commissioner to pay refunds to one hundred thirty-one banks who were not parties to the *Cambridge* and *Cambridge*-related cases. The Commissioner denies any liability to the plaintiffs, but it is possible that the State could be ordered to pay in excess of \$10 million dollars.

12. CONTINGENT LIABILITIES - OTHER

Primary Government

Pension Trust Funds

In addition to the pension trust funds included in the reporting entity (see Note 16), there are other public employee pension funds for whose unfunded liability the state may be contingently liable. These are pension trust funds where the state is funding a portion of the unfunded liability. The pension trust funds involved, the year end for which the most current data is available, and the unfunded liabilities are provided below (in thousands):

Minneapolis Employee Retirement Fund	June 30, 1996	\$247,784
Minneapolis Teachers Retirement Fund	June 30, 1996	\$442,211
St. Paul Teachers Retirement Fund	June 30, 1996	\$169,141
Local Police and Fire Funds	December 31, 1995	\$111,244

Pension trust funds for which the state has custodial responsibility, but for which the state is not contingently liable, include the Public Employees Retirement, Police and Fire, and the Police and Fire Consolidation funds. The unfunded liabilities and net assets available at June 30 for funding of these pension funds are provided in Note 16.

All of the above unfunded liabilities were computed using the entry age normal actuarial cost (level normal cost) method. Assumptions include 6 and 5 percent interest rates, and 4 and 3.5 percent annual salary growth rates for the Minneapolis Employee Retirement Fund and the Local Police and Fire funds, respectively. Additional annual contributions are provided to reduce the current unfunded liabilities. It has been the intent of the legislature, in establishing contribution rates, to provide sufficient resources to retire, or fully fund, the liabilities for the Local Police and Fire funds by June 30, 2009, and by June 30, 2020, for the Minneapolis Employees Retirement Fund.

Petroleum Tank Environmental Cleanup

The petroleum tank release cleanup act (MS 115C) requires the state to reimburse owners for most of their costs to clean up contamination from leaks and spills from petroleum tanks. The payments will be from the Petroleum Tank Cleanup Fund (Petrofund), a special revenue fund. It is certain that a significant number of unreported tank contamination sites and cleanup costs presently exist which will require Petrofund expenditures. As of June 30, 1996, liabilities of \$251 million have been recognized by the Petrofund. Various studies have estimated that the total of all payments

for the program may reach \$450-\$800 million of cleanup costs (based on data available through July, 1992).

Solid Waste Fund

The Closed Landfill program was established to provide environmental response to qualified landfill sites. There are currently 106 closed state permitted sites that either are or will be able to qualify for the program. The state becomes responsible for closed municipal solid waste facilities only after certain eligibility requirements are met. The state may perform cleanup and final cover procedures as well as certain maintenance and monitoring functions at these qualifying sites for fifty or more years after closure. The closure and post closure care costs will be paid only when the Landfill sites become eligible. The state reports a portion of these costs as operating expenses in each fiscal period. As of June 30, 1996, cumulative expenditures of \$21.7 million have been made by the Solid Waste Fund. Various studies have estimated that the total of all payments for the program may reach \$420 million (based on 1994 dollars). These estimates include response action costs, reimbursements, and administration costs. Actual costs may be higher because of inflation, changes in technology, or changes in regulations.

Component Units

The **Metropolitan Council**, enters into contracts with various providers of transit services, among others. Unpaid commitments for transit services totaled approximately \$32 million as of December 31, 1995. Unpaid commitments for construction contracts totaled approximately \$8 million as of December 31, 1995.

The **Minnesota Workers' Compensation Assigned Risk Plan (WCARP)**, contracts with five servicing contractors to provide policy issuance, premium accounting and claim settlement services in exchange for a service fee based upon standard written premium. Contingent liabilities exist with respect to performance of the above services to the extent that the servicing carriers are unable to meet their obligations under terms of the general services agreement.

The Minnesota Workers' Compensation Assigned Risk Plan (WCARP), through Employers Life Insurance Company of Wausau, has purchased annuities to settle certain claims with the claimant as payee, but for which WCARP remains contingently liable. WCARP eliminated its loss reserves for these claims at the time the annuities were purchased. A contingent liability exists to the extent that the issuer of the annuity contracts becomes unable to fulfill its contractual obligations. The present value of annuity contracts still enforce at December 31, 1995 was approximately \$5.2 million.

The **University of Minnesota (U of M)** has construction projects in progress, principally buildings, that have been included in the assets of the plant funds at June 30, 1996, which approximate \$126,981,000. The estimated cost to complete these facilities is \$275,386,000, to be funded from currently available plant fund assets.

The U of M owns certain steam production facilities, which produce steam for heating and cooling the Twin Cities campuses and which by agreement are managed, operated, and maintained by an unaffiliated company. The term of the agreement is for 25 years and commenced on July 1, 1992. Under the agreement, the U of M must make minimum fixed payments for certain operating and maintenance costs as well as contingent payments based on monthly usage. The minimum fixed amount of the required payments at June 30, 1996, is as follows (in thousands):

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Total</u>
1997	\$5,499
1998	4,849
1999	4,849
2000	4,849
2001	4,849
Thereafter	<u>82,433</u>
Total	\$107,328

The Social Security Administration has claims against the U of M regarding social security taxes related to medical students for the years 1987 through 1990. The U of M estimates that the total amount of tax at issue for the period January 1, 1987 through September 30, 1990, is approximately \$10,400,000, excluding interest. The U of M is also vigorously contesting this claim. No liability for these taxes has been recorded in the financial statements.

Other Contingent Liabilities

The 1993 Legislature adopted legislation establishing a **School District Credit Enhancement Program (SDCEP)**. The legislation authorized and directs the Commissioner of Finance, under certain circumstances and subject to the availability of funds, to issue a warrant and authorize the Commissioner of Children, Families and Learning to pay debt service coming due on school district tax and state-aid anticipation certificates of indebtedness and school district general obligation bonds in the event money in its debt service fund for this purpose, or the paying agent informs the Commissioner of Children, Families and Learning that it has not received from the school district timely payment of moneys to be used to pay debt service. The amounts paid on behalf of any school district are required to be repaid by it with interest, either through a reduction of subsequent state-aid payments or by the levy of an ad valorem tax which may be made with the approval of the Commissioner of Children, Families and Learning. As of October 1, 1996, there were approximately \$12 million principal amount of bonds enrolled in the program. The state has not had to make any debt service payments on behalf of school districts under the program and does not expect to make any payments in the future.

13. NORTHWEST AIRLINES MAINTENANCE FACILITIES

Minnesota Laws 1991, Chapter 350, authorized the state to issue revenue bonds secured by the state's full faith and credit in an amount up to \$50,000,000 to finance the construction and equipping of an engine repair facility in Hibbing, and up to \$125,000,000 to finance the construction and equipping of an aircraft maintenance facility in Duluth. By agreement dated December 21, 1994 with Northwest Airlines, Inc. ("NAI"), the intended lessee of both facilities, and certain other parties, it was agreed that the Hibbing facility would not be constructed and that the state would use its best efforts to issue revenue bonds secured by the state's full faith and credit for the Duluth facility. The state issued \$47,670,000 of revenue bonds in May 1995, of which, \$28,440,000 are payable primarily from lease payments of NAI, and of which \$19,230,000 are payable primarily from tax increment revenues derived from the Duluth facility and other revenues of the City of Duluth. In the event such revenues are insufficient the state will have the right to apply to the payment of such bonds, or to reimburse itself for making such payments from, certain state-aid payments otherwise payable to the City of Duluth. Of the \$47,670,000 revenue bonds issued by the state, \$44,960,000 are secured by the state's full faith and credit and \$2,710,000 are secured by the full faith and credit of St. Louis County. In addition to the revenue bonds secured by the state's full faith and credit, it was also agreed that the state would use its best efforts to issue up to \$5,000,000 of other revenue bonds for the Duluth facility, for which the state would have no financial liability. The bonds are structured so that the initial bonds, together with expected later refundings, will provide financing over a 30 year amortization period.

14. EQUITY

Contributed Capital

Components of the changes in the contributed capital of the enterprise and internal service funds and component unit proprietary funds are as follows (in thousands):

<u>Source</u>	<u>PRIMARY GOVERNMENT</u>			<u>COMPONENT UNITS</u>
	Enterprise <u>Funds</u>	Internal Service <u>Funds</u>	<u>Total</u>	<u>Proprietary</u>
Contributed Capital, July 1, 1995, as Restated	\$15,651	\$6,038	\$21,689	\$692,547
Additions:				
General Fund Contributions	32	15	47	-
Federal Grants	-	-	-	31,028
Other Sources	49	-	49	-
Reductions:				
Amortization/Depreciation on Fixed Assets				
Acquired with Contributed Capital	<u>(361)</u>	<u>-</u>	<u>(361)</u>	<u>(32,563)</u>
Contributed Capital, June 30, 1996	\$15,371	\$6,053	\$21,424	\$691,012

Retained Earnings

Reserved Retained Earnings - Component Units

The component unit, Reserved Retained Earnings per Law, consists of \$67,341,000 in the Minnesota Housing Finance Agency funds. Retained earnings is the unused portions of state appropriations provided for specific programs. These programs are primarily for interest rate reduction on housing mortgages and home improvement loans.

Deficit Retained Earnings - Primary Government

Historically, the Chemical Dependency Treatment Fund, an enterprise fund, has had deficit retained earnings because rates charged for services were insufficient to cover costs. The deficit retained earnings of \$1,334,000 is not expected to be eliminated in the near future.

The Private Employers Insurance Trust Fund, an enterprise fund, has had deficit retained earnings because premiums charged for services were insufficient to cover costs. The deficit retained earnings of \$783,000 is expected to be reduced in the future due to increased premiums.

Fund Balances

Reserved Fund Balances - The reserved portion of the fund balances indicates that a portion of the fund balances are not available for appropriation or are legally segregated for specific future uses.

The Budgetary Reserve in the General Fund is an amount appropriated by the legislature for use only when it appears that probable receipts will be less than anticipated and that the amount available for the remainder of the biennium will be less than needed for budgeted expenditures. In this circumstance, state law requires that the Commissioner of Finance, with the approval of the governor and after consulting with legislative leadership, transfer amounts necessary from the reserve to the unreserved fund balance.

Reserved for Local Governments is the equity amount in two expendable trust funds required by the state constitution to be paid to local governments. The funds are the Municipal State-Aid Street, and County State-Aid Highway funds. The payments to these local governments are for street and highway projects (to municipalities and counties) and to subsidize education in the local school districts.

Reserved for Other totaling \$6,134,000 in the special revenue funds consists of petroleum overcharge fines (\$5,094,000 in the Federal Fund and \$1,040,000 in the Miscellaneous Special Revenue Fund) allocated by the federal courts to be used for energy conservation programs. Reserved for Others - University of Minnesota (component unit), totaling \$667,869,000 consists primarily of current externally restricted operating funds along with restricted plant funds that may be utilized only in accordance with the purposes established by the source of the funds.

Unreserved Fund Balances - Primary Government

The unreserved portion of the fund balances consists of designated fund balances indicating tentative managerial plans for future use of resources and undesignated fund balances indicating those unreserved financial resources available for appropriation. A portion of the undesignated fund balances in the Natural Resources Funds (special revenue) may be appropriated only for specific programs.

Designated for Fund Purposes consists of fund balances for non-appropriated funds to be used for the following purposes (in thousands):

<u>Special Revenue Funds</u>	
Education	\$ 2,221
Economic Development	91,963
Health and Social Services	62,327
Transportation	2,857
Resource Management	9,538
Miscellaneous	6,263
<u>Capital Project Funds</u>	
Resource Management	\$ 2,401
<u>Expendable Trust Funds</u>	
Economic Development	\$ 531,556
Resource Management	11,006
Miscellaneous	23,962

Designated for Fund Purposes of Governmental Component Units totaling \$248,147,000 is to be used primarily for debt service.

Deficit Fund Balances - Primary Government

The Petroleum Tank Cleanup Fund (a special revenue fund) deficit of \$589,000 at June 30, 1996, was the result of the state being required by law to partially reimburse owners for the cost of cleaning up defective underground tanks. Funding for these reimbursements is provided from a fee charged to petroleum distributors.

15. PRIOR PERIOD ADJUSTMENTS AND REPORTING CHANGES

Prior Period Adjustments

Primary Government

For fiscal year 1995, the state implemented the GASB 22 requirement of recognizing the taxpayer assessed revenues on the modified accrual basis. The dollar impact of certain activities was not available during the implementation and are now disclosed in the fiscal year 1996 statements as prior period adjustments. The result of the correction increases the General Fund balance by \$48,855,000. The Trunk Highway and Healthcare Access funds (special revenue funds) recognized an increase in the fund balance of \$27,849,000 and \$26,559,000 respectively. The Municipal State-Aid Street and the County State-Aid Highway funds (expendable trust) include increases in the fund balance of \$4,133,000 and \$14,201,000 respectively.

The Risk Management Fund (internal service) reported a decrease to retained earnings for \$1,415,000 to recognize an increase in the actuarial valuation of Incurred But Not Reported claims for prior years.

Component Units

Effective January 1, 1995, the National Sports Center Foundation (proprietary type) adopted Statement of Financial Accounting Standards No. 116 and No. 117. Under the provisions of these standards, net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor imposed restrictions. The component unit recognized the prior year impact of these standards and accordingly reported a change in accounting principle for "the recognition of unconditional promise to give." The National Sports Center Foundation (component unit - proprietary) reflects the increase in retained earnings of \$433,000.

Other Changes in Reporting Entity

Primary Government

The Minnesota State College and University System was created by law effective on July 1, 1995. This law consolidated the operation of the State University, Community College, and Technical College Systems. The Technical Colleges were previously operated by independent school districts and therefore not reported in states financial statements. The consolidation of the Technical Colleges with the state operated State University and Community College System resulted in a change in reporting entity. The General Fund reports an increase in the fund balance of \$14,987,000. The College and University Enterprise Activities (enterprise fund) recognizes a \$3,700,000 increase in retained earnings and the Endowment (expendable trust fund) reflects a \$94,000 decrease in the fund balance. The Miscellaneous Special Revenue fund reflects an increase in fund balance of \$528,000

Component Units

Several previously blended component units are now reported as discretely presented component units. The Rural Finance Authority Fund, the Agricultural and Economic Development Board, and the Export Finance Authority (all governmental type component units) were previously reported combined with other activities in the Miscellaneous Special Revenue Fund. The Rural Finance Authority, the Agricultural and Economic Development Board, and the Export Finance Authority reflect an increases in fund balance of \$24,395,000, \$26,340,000, and \$841,000, respectively. Accordingly, the decrease in fund balance in the Miscellaneous Special Revenue Fund incorporates \$51,576,000 to reflect this change. The Miscellaneous Special Revenue Fund reported a decrease in fund balance of \$73,437,000 as the total of previously blended component units separated through change in reporting entity.

16. PENSION TRUST FUNDS

Primary Government

The state of Minnesota performs a fiduciary role for several pension trust funds. For some of these, the state contributes as an employer, and for others performs only a fiduciary role. These pension funds are categorized as either Defined Benefit, Defined Contribution, or Investment Trust funds. All of the pension trust funds are reported on the accrual basis of accounting, which means that employer and employee contribution revenues are recognized in the period in which the employee services are provided. Investments for the Defined Contribution and Investment Trust funds are reported at market value. For the Defined Benefit funds, short-term and equity investments are reported at cost with fixed income securities at amortized cost.

The contribution rates for all pension plans are set by statute. Actuarial valuations are performed annually for all of the defined benefit plans. The results of these valuations are not used to determine the annual contribution, but rather to determine if adjustments are needed in the defined benefit statutory rates to assure full funding by the target date.

Defined Benefit Pension Funds

Plan Descriptions

The defined benefit pension funds presented in the financial statements include various statewide public employee groups. The employee groups covered, eligibility, and benefit provisions for each fund, as of July 1, 1996, are described below. Vesting occurs after three years for all but the Legislators and Elective State Officers plans. Salary base used for calculating annuities in all cases is the average of the employee's salary for the high five successive years of service. Annuity formulas vary for "basic" members (those whose benefits are not coordinated with federal social security) and "coordinated" members (those whose benefits are offset due to social security participation).

Multiple employer, cost-sharing plans:

The Public Employees Retirement Fund (PERF) covers employees of various governmental subdivisions, including counties, cities, school districts and related organizations. There are two types of membership: basic and coordinated. Normal retirement age is 65. The annuity formula for each type of membership is the greater of a step rate with a flat reduction for each month of early retirement, or a level rate (the higher step rate) with an actuarially based reduction for early retirement. The applicable rates for basic members are 2 and 2.5 percent, and for coordinated members, 1 and 1.5 percent. The state is not responsible for the unfunded accrued liability of this fund but performs only in a fiduciary capacity.

The Police and Fire Fund (P&FF) covers persons employed as police officers and firefighters by local governmental subdivisions who, prior to 1981, were not covered by a local relief association and covers all those hired since 1980. At age 55, with at least three years service, the employee is eligible for an unreduced annuity. The annuity is 2.65 percent for each year of service. The state is not responsible for the unfunded accrued liability of this fund but performs only in a fiduciary capacity.

The Teachers Retirement Fund (TRF) covers teachers and other related professionals employed by the school districts or by the state. Normal retirement is age 65. The annuity formula for each type of membership is the greater of: a step rate with a flat reduction for each month of early retirement, or a level rate (the higher step rate) with an actuarially based reduction for early retirement. The applicable rates for basic members are 2.13 and 2.63 percent, and for coordinated members, 1.13 and 1.63 percent. The state, as an employer for some participants, is liable for a portion of any unfunded accrued liability of this fund.

The State Employees Retirement Fund (SERF) covers those employees of the state, University of Minnesota, and certain other entities not covered by other pension funds. Normal retirement age is 65. The annuity formula is the greater of a step rate with a flat rate reduction for each month of early retirement, or a level rate (the higher step rate) with an actuarial reduction for early retirement. The applicable rates are 1 percent and 1.5 percent. The state, as an employer for some participants, is liable for a portion of any unfunded accrued liability of this fund.

Single employer (state of Minnesota) plans:

The State Patrol Retirement Fund (SPRF) covers state patrol officers, crime bureau officers, and various conservation officers who perform enforcement duties. Normal retirement age is 55. Annuity is based on 2.65 percent for each year of service.

The Correctional Employees Retirement Fund (CERF) covers state employees who have direct responsibility for inmates at Minnesota correctional facilities. Normal retirement age is 55. The annuity is based on 2.5 percent for each year of service not to exceed 75 percent of average salary.

The Judicial Retirement Fund (JRF) covers judges of the supreme court, district courts, county courts, probate courts and various court referees. Normal retirement age is 65; the annuity is 2.5 percent for each year of service (3 percent for each year after June 30, 1980). Vesting occurs after five years, except at age 70 or over, vesting is immediate.

The Elective State Officers Fund (ESOF) covers the state's constitutional officers. Vesting occurs after eight years; normal retirement age is 62. Annuities are 2.5 percent for each year of service.

Defined Benefit Pension Plans
Membership and Payroll

	Single Employer					Multiple Employers				
	CERF	SPRF	JRF	ESOF	LRF	State is an Employer		State is not an Employer		
						SERF	TRF*	PERF	P&FF	PFCF
Membership as of July 1, 1996:										
Statutory Authority Minnesota, Chapter	352	352B	490	352C	3A	352	354	353	353	353A
Retirees and beneficiaries currently receiving benefits	473	560	216	12	228	16,672	23,168	39,380	2,155	2,056
Terminated employees: Vested - not yet receiving benefits	324	22	6	4	127	6,118	5,103	8,605	267	35
Non-vested - entitled to refund	84	6	1	-	7	5,744	16,411	11,448	162	-
Active employees covered:										
Vested	1,372	708	213	4	98	37,998	50,211	93,194	6,193	1,003
Non-vested	892	69	66	2	103	11,916	17,347	36,237	1,487	-
Current year covered payroll	\$72,205	\$38,607	\$23,028	\$460	\$6,243	\$1,536,793	\$2,259,880	\$2,901,000	\$316,332	\$52,194

*TRF membership information is as of July 1, 1995. Payroll information is current.

The Legislative Retirement Fund (LRF) covers members of the state's House of Representatives and Senate. Six years are required for vesting; normal retirement age is 62. Annuity is 2.5 percent for each year of service.

Multiple employer, agent plan:

The Police and Fire Consolidation Fund (PFCF) covers police officers and firefighters belonging to a local relief association that elected to merge with the Public Employee Retirement Association (PERA). Local relief associations continue to merge with the PERA, continually increasing membership in the PFCF. Minimum age and other benefit provisions vary from one relief association to another. Participants have the option to elect benefit coverage of the P&FF (see above) or retain benefit coverage provided under their relief association plan. The state is not responsible for the unfunded accrued liability of this fund but performs only in a fiduciary capacity.

Membership and payroll for the various plans are provided in the table above (dollars in thousands). The total payroll for the state for the year ended June 30, 1996, was \$1,677,336,000. State payroll for employees covered by the SERF was \$1,127,296,000 and for those covered by the TRF was \$218,667,000.

Funding Status

The amounts shown (dollars in thousands) in the table below as the Pension Benefit Obligation (PBO) are a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess the funding status of the retirement plans on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers and retirement funds. This measure is independent of the actuarial funding method used to determine contributions to the retirement funds.

The single employer retirement plans in which the state participates had a combined PBO of \$600,669,000 and net assets available for benefits, at cost, of \$595,252,000 (\$625,986,000 market value).

At the end of each fiscal year, actuarial valuations are prepared by an independent actuary hired by the legislature to calculate the pension benefit obligation and to determine whether adjustments in the statutory contribution rates are necessary. The pension benefit obligation information in the schedule below is based on the actuarial valuations for the most current year available, July 1, 1995 or 1996 as indicated.

	Defined Benefit Pension Plans' Funding Status									
	Single Employer					Multiple Employers				
						State is an Employer		State is not an Employer		
Actuarial Valuation Date	<u>CERF</u>	<u>SPRF</u>	<u>JRF</u>	<u>ESOF</u>	<u>LRF</u>	<u>SERF</u>	<u>TRF</u>	<u>PERF</u>	<u>P&FF</u>	<u>PFCF</u>
	7/1/96	7/1/96	7/1/96	7/1/96	7/1/96	7/1/96	7/1/95	7/1/96	7/1/96	7/1/96
Pension Benefit Obligation: Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$67,576	\$146,314	\$61,237	\$1,554	\$36,289	\$1,585,766	\$4,069,675	\$3,458,961	\$473,265	\$492,122
Current employees: Accumulated employee contributions including allocated investment income	29,620	50,687	15,834	462	5,689	754,205	2,397,859	934,194	205,302	50,472
Employer-financed vested	44,921	72,985	18,368	797	6,721	1,138,262	2,306,963	1,964,332	406,375	219,122
Employer-financed non-vested	<u>7,440</u>	<u>22,362</u>	<u>9,078</u>	<u>30</u>	<u>2,705</u>	<u>134,127</u>	<u>275,152</u>	<u>251,159</u>	<u>158,487</u>	<u>7,415</u>
Total Pension Benefit Obligation	\$149,557	\$292,348	\$104,517	\$2,843	\$51,404	\$3,612,359	\$9,049,649	\$6,608,646	\$1,243,429	\$769,131
Net assets available for benefits, at cost	<u>189,460</u>	<u>318,335</u>	<u>64,514</u>	<u>413</u>	<u>22,532</u>	<u>3,896,040</u>	<u>8,226,080</u>	<u>5,702,247</u>	<u>1,592,671</u>	<u>746,671</u>
Unfunded (Assets in excess of) pension benefit obligation	(\$39,903)	(\$25,987)	\$40,003	\$2,430	\$28,872	(\$283,681)	\$823,569	\$906,399	(\$349,242)	\$22,460
Net assets available for benefits, at market value	\$202,582	\$334,936	\$65,524	\$413	\$22,532	\$4,135,413	\$8,592,208	\$5,954,697	\$1,713,687	\$768,245

Actuarial assumptions used in preparing actuarial information provided in the defined benefit tables were:

- Projected Salary increases were changed from 6.5 percent to a composite rate of approximately 6 percent including merit and seniority to reflect experience of the plans.
- Mortality rates were updated to the 1983 Group Annuity Mortality table for PERF, SERF and TRF. All other plans used the 1971 table.
- Pre-retirement investment return of 8.5 percent.
- Post-retirement investment return of 5 percent.

Contributions - Required and Made

Contributions made are based on rates set in statute. Except for the Elective State Officers Retirement and the Legislative Retirement funds, all of the defined benefit pension funds are funded using level contribution rates which are intended to be sufficient to fully fund the accrued actuarial liabilities by the year 2020 (2010 for PFCF).

The Legislative Retirement Fund is terminally funded. At the time of retirement, members' contributions are supplemented by employer contributions from the General Fund in an amount sufficient to provide the necessary resources for future annuity payments discounted at the assumed rate of return of 5 percent for the Post Retirement Investment Fund. The Elective State Officers Fund operates on a pay-as-you-go basis. If the fund's resources are fully depleted, employer contributions, in an amount sufficient to pay current obligations, will be made from the General Fund. The actuarially determined contribution requirements, necessary to pay pension benefits when due, were computed using the entry age normal cost (entry age actuarial cost) method. Actuarial assumptions used to calculate the required contribution are the same as those used to calculate the pension benefit obligation above.

The actuarially determined contribution requirements and contributions actually made, along with the funding surplus or deficit, are provided in the table below for all funds (dollars in thousands). The state's actuarially determined contribution requirement was 73.4 percent and 9.7 percent of the total required contributions for the State Employees Retirement and the Teachers Retirement funds respectively.

Defined Benefit Pension Plans Contributions Required and Made										
	Single Employer					Multiple Employers				
	CERF	SPRF	JRF	ESOF	LRF	State is an Employer		State is not an Employer		
						SERF	TRF	PERF	P&FF	PFCF
Contributions Made:										
By Employee	\$3,575	\$3,484	\$1,426	\$41	\$564	\$63,507	\$148,051	\$121,525	\$24,065	\$4,061
% of covered payroll	4.90%	8.92%	6.36%	9.00%	9.00%	4.07%	6.51%	4.31%	7.60%	7.60%
By Employer *	\$4,559	\$5,742	\$6,445	\$151	\$1,511	\$65,557	\$184,495	\$129,738	\$36,065	\$15,091
% of covered payroll	6.27%	14.88%	22.00%	N/A	N/A	4.20%	8.15%	4.60%	11.40%	11.40%
Total contributions made	\$8,134	\$9,226	\$7,871	\$192	\$2,075	\$129,064	\$332,546	\$251,263	\$60,130	\$19,152
Actuarial determined										
contribution requirements	\$8,022	\$8,239	\$6,291	\$200	\$2,593	\$123,712	\$323,163	\$278,986	\$52,163	\$19,152
% of covered payroll	11.11%	21.34%	27.32%	43.58%	41.54%	8.05%	14.30%	9.61%	16.49%	N/A
Funding surplus (deficit) **	\$112	\$987	\$1,580	(\$8)	(\$518)	\$5,352	\$9,383	(\$27,723)	\$7,967	\$ -

* Contributions include \$151,000, \$1,511,000 and \$5,725,000 for employer lump sum paid contributions for ESOF, LRF and PFCF respectively.

** Funding deficit for which the state is liable has been included in the General Long-Term Obligation Account Group.

Trend Information

Trend information provides an indication of the progress made toward accumulating sufficient assets to pay benefits when due. Three-year trend information is provided below for those retirement funds for which the state is the sole employer.

Employer contribution rates are authorized by state statutes. Ten-year trend information, providing information about progress made in accumulating sufficient assets to pay benefits when due, is available for each retirement fund in the separately issued Comprehensive Annual Financial Reports for the Minnesota State Retirement System, Public Employees Retirement Association and the State Teachers Retirement Association.

Three Year Historical Trend Information
(Unaudited)

CERF SPRF JRF ESOF LRF

Net assets available for benefits expressed as a percent of the pension benefit obligation:

1996	127%	109%	62%	14%	44%
1995	121%	103%	57%	14%	44%
1994	112%	99%	53%	13%	43%

Unfunded (assets in excess of) pension benefit obligation expressed as a percent of annual covered payroll:

1996	(55%)	(67%)	174%	528%	462%
1995	(45%)	(23%)	187%	588%	372%
1994	(30%)	8%	199%	632%	391%

Employer contributions expressed as a percent of annual covered payroll:

1996	6%	15%	28%	33%	24%
1995	7%	15%	29%	40%	41%
1994	6%	15%	29%	44%	26%

Defined Contribution Funds

The Defined Contribution Funds presented in the financial statements include various statewide public employee retirement funds for which the benefits to be received are limited to an annuity which can be purchased with the combined contributions of both the employee and employer. Accordingly, there is no unfunded liability for these funds; therefore, there is no actuarial valuation of accrued benefit liability nor any actuarially required contribution.

Plan Descriptions

The Unclassified Employee Retirement Fund, authorized by Minnesota Statutes, Chapter 352D, covers only those state employees who are included either by statute or policy in the "unclassified service" of the state. Statutory contribution rates are 4 percent for employee and 6 percent for employer. Vesting occurs immediately, and normal retirement age is 58. Annuity is based on age and value of participant's account. Participation and funding for the fiscal year ended June 30, 1996, were as follows (dollars in thousands):

Total employees covered	2,631
Annual payroll of covered employee	\$71,246
Total employee contributions	\$2,991
Contributions as percent of annual covered payroll	4%
Total employer contributions	\$4,356
Contributions as percent of annual covered payroll	6%

The Colleges and Universities Retirement Funds, authorized by Minnesota Statutes, Chapter 136.80 and Chapter 354B, covers unclassified teachers, librarian, administrators, and certain other staff members who have been employed full-time for a minimum of two academic years. Participation is mandatory for qualified employees. These funds consist of an Individual Retirement Account Plan (IRAP) and a Supplemental Retirement Plan (SRP). There are two member groups participating in the IRAP, one for faculty and one for managerial employees. For the faculty, the employer and

employee statutory contribution rates are 6 and 4.5 percent respectively, while for the managerial employees, the employer rate is 6 percent and the employee rate is 4.07 percent. For the SRP, the statutory contribution rate is 5 percent of salary between \$6,000 and \$40,000. Vesting occurs immediately, and normal retirement is age 55. Participation and contributions for the year ended June 30, 1996, were as follows (dollars in thousands):

Total employees covered	8,000
Total employee contributions	\$10,493
Total employer contributions	\$11,296
Total annual payroll for covered employees	\$11,476
Contributions as percent of annual covered payroll	5%

Investment Trust Funds

The Investment Trust Funds are administered by the State Board of Investment and serve only as an investment medium for various state, as well as locally administered, retirement funds and the Deferred Compensation Fund, an agency fund.

Component Units

The component units are participants in the SERFP & FF and the Unclassified Employees Retirement funds.

Agricultural and Economic Development Board
Export Finance Authority
Higher Education Services Office
Housing Finance Agency
Metropolitan Council
Minnesota Technology Inc.
Public Facilities Authority
Rural Finance Authority
University of Minnesota

17. POST-RETIREMENT BENEFITS

For certain employees, post-retirement benefits are available upon retirement at age 55 under terms of their employment contract. Through fiscal year 1996, the employees involved were primarily conservation officers, guards at correctional facilities, and highway patrol officers. If these employees elect retirement at age 55, the state will pay the employer share of health insurance benefits until age 65.

The legislature has, from time to time, provided early retirement incentives, for other employees meeting specific requirements. The specific circumstances usually require retiring within a certain narrow time frame, whereby the state will pay the employer share of health insurance benefits until age 65. The 1993 and 1995 legislature approved an incentive window from May 17, 1993, through January 30, 1994, and from May 23, 1994, through January 30, 1995, respectively.

The cost of these benefits, which is recognized as paid, was \$4,845,000 during fiscal year 1996. The number of employees currently eligible for this benefit is approximately 1,300.

18. SEGMENT INFORMATION AND CONDENSED BALANCE SHEET

Significant enterprise fund financial data for the year ended June 30, 1996 follows.

Primary Government:

Enterprise Funds' Segment Information (in thousands)

	State Colleges and Universities <u>Revenue</u>	State <u>Lottery</u>	College & University Enterprise <u>Activities</u>	Minnesota Correctional <u>Industries</u>	Chemical Dependency <u>Treatment</u>	Public Employees' <u>Insurance</u>	Private Employers <u>Insurance</u>	Enterprise <u>Activities</u>	<u>Total</u>
Operating Revenues	\$42,246	\$351,233	\$55,735	\$12,082	\$11,742	\$9,910	\$7,208	\$3,993	\$494,149
Depreciation/Amortization Expense	4,635	868	582	452	20	9	1	87	6,654
Operating Income (Loss)	3,120	61,414	2,384	(6,320)	263	99	122	229	61,311
Nonoperating Revenues (Expenses):									
Investment Income	2,798	1,604	842	141	163	318	67	-	5,933
Grants (Revenue)	-	-	147	-	-	-	-	-	147
Grants (Expense)	-	-	(1,494)	-	-	-	-	-	(1,494)
Net Operating Transfers-In (-Out)	-	(64,691)	-	5,523	-	-	-	-	(59,168)
Net Income (Loss)	3,797	-	1,982	(431)	426	417	189	229	6,609
Changes in Contributed Capital	(352)	-	-	32	-	-	-	41	(280)
Fixed Assets:									
Additions	7,058	653	497	217	70	1	-	249	9,301
Net Working Capital	19,089	(720)	27,588	10,029	4,644	6,265	1,464	2,463	70,822
Total Assets	119,354	32,085	70,042	12,992	5,133	6,298	1,468	4,461	251,833
Noncurrent Liabilities Payable from:									
Operating Revenues	-	-	-	-	-	-	-	-	-
Other Sources	-	-	-	-	-	-	2,075	-	2,075
Total Fund Equity	\$77,601	\$ -	\$63,182	\$11,225	\$4,128	\$6,226	\$(783)	\$2,882	\$164,461

Listed below are the discreetly presented component units:

Component Units - Governmental Funds

Metropolitan Council (MC)
Minnesota Technology (MTI)
Higher Education Services Office (HESO)
Export Finance Authority (EFA)
Agricultural and Economic Development Board (AEDB)
Rural Finance Authority (RFA)

Component Units - Proprietary Funds

Housing Finance Agency (HFA)
Public Facilities Authority (PFA)
Metropolitan Council Proprietary (MC)
Workers Compensation Assigned Risk Plan (WCARP)
National Sports Center Foundation (NSCF)
Higher Education Services Office (HESO)

Other Component Units

University of Minnesota

Significant component unit financial data for the year ended June 30, 1996 follows.

Component Units:

Condensed Statements - Governmental Funds
(in thousands)

	<u>MC*</u>	<u>MTI</u>	<u>HESO</u>	<u>EFA</u>	<u>AEDB</u>	<u>RFA</u>	<u>Totals</u>
Balance Sheet:							
Current Assets	\$190,047	\$16,993	\$3,928	\$918	\$39,781	\$12,389	\$264,056
Non-Current Assets	11,488	-	-	-	18,385	38,080	67,953
Fixed Assets	10,151	831	439	-	-	-	11,421
Amount Available for Debt Service	38,068	-	-	-	-	-	38,068
Amount to be Provided for Debt Service	<u>88,961</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,620</u>	<u>-</u>	<u>105,581</u>
Total Assets and Other Debits	<u>\$338,715</u>	<u>\$17,824</u>	<u>\$4,367</u>	<u>\$918</u>	<u>\$74,786</u>	<u>\$50,469</u>	<u>\$487,079</u>
Current Liabilities	\$43,098	\$763	\$393	\$ -	\$1,260	\$4,448	\$49,962
Long-Term Liabilities	<u>182,268</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,485</u>	<u>-</u>	<u>220,753</u>
Total Liabilities	<u>\$225,366</u>	<u>\$763</u>	<u>\$393</u>	<u>\$ -</u>	<u>\$39,745</u>	<u>\$4,448</u>	<u>\$270,715</u>
Total Equity	\$113,349	\$17,061	\$3,974	\$918	\$35,041	\$46,021	(\$216,364)
Operating Statement:							
Revenues	\$124,885	\$6,562	\$2,560	\$77	\$4,761	\$2,163	\$141,008
Current Expenditures	(91,957)	(11,136)	(4,777)	-	(44)	(53)	(107,967)
Capital Outlay	(360)	-	-	-	-	-	(360)
Debt Service	(16,504)	-	-	-	(8,706)	-	(25,210)
Grants & Subsidies	-	(1,729)	(112,179)	-	-	-	(113,908)
Excess of Revenues Over Expenditures	\$16,064	(\$6,303)	(\$114,396)	\$77	(\$3,989)	\$2,110	(106,437)
Bond Proceeds	20,916	-	-	-	12,690	19,125	52,731
Transfers-In from Primary Government	53,355	7,834	116,220	-	-	-	177,409
Other Financing Sources (Uses)	<u>(75,227)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>391</u>	<u>(74,836)</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	\$15,108	\$1,531	\$1,824	\$77	\$8,701	\$21,626	\$48,867

* December 31 year end

Condensed Statements - Proprietary Funds
(in thousands)

	<u>HFA</u>	<u>PFA</u>	<u>MC*</u>	<u>WCARP*</u>	<u>NSCF*</u>	<u>HESO</u>	<u>Totals</u>
Balance Sheet:							
Current Assets	\$692,447	\$ -	\$85,729	\$886,668	\$450	\$110,781	\$1,776,075
Non-Current Assets	1,745,734	-	-	-	-	184,001	1,929,735
Restricted Assets	285,476	579,739	174,971	-	-	16,666	1,056,852
Fixed Assets	<u>839</u>	<u>5</u>	<u>1,151,399</u>	<u>-</u>	<u>460</u>	<u>76</u>	<u>1,152,779</u>
Total Assets	<u>\$2,724,496</u>	<u>\$579,744</u>	<u>\$1,412,099</u>	<u>\$886,668</u>	<u>\$910</u>	<u>\$311,524</u>	<u>\$5,915,441</u>
Current Liabilities	\$2,980	\$25,081	\$134,093	\$737,308	\$179	\$367	\$900,007
Long-Term Liabilities	<u>2,221,270</u>	<u>320,339</u>	<u>603,350</u>	<u>38,522</u>	<u>410</u>	<u>85,359</u>	<u>3,269,251</u>
Total Liabilities	<u>\$2,224,250</u>	<u>\$345,420</u>	<u>\$737,443</u>	<u>\$775,830</u>	<u>\$589</u>	<u>\$85,726</u>	<u>\$4,169,258</u>
Total Equity	\$500,246	\$234,324	\$674,656	\$110,838	\$321	\$225,798	\$1,746,183
Operating Statement:							
Revenues	\$179,761	\$26,897	\$210,813	\$153,981	\$2,591	\$12,718	\$586,761
Operating Expenditures	<u>(152,515)</u>	<u>(21,137)</u>	<u>(293,219)</u>	<u>(87,537)</u>	<u>(2,620)</u>	<u>(7,787)</u>	<u>(564,815)</u>
Operating Income (Loss)	\$27,246	\$5,760	(\$82,406)	\$66,444	(\$29)	\$4,931	21,946
Nonoperating Revenues (Expenses)	(15,333)	-	(11,517)	39,128	23	6,700	19,001
Transfer-in from Primary Government	29,582	-	-	-	-	-	29,582
Other sources	<u>-</u>	<u>-</u>	<u>107,790</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>107,790</u>
Net Income	<u>\$41,495</u>	<u>\$5,760</u>	<u>\$13,867</u>	<u>\$105,572</u>	<u>(\$6)</u>	<u>\$11,631</u>	<u>\$178,319</u>
Changes in Contributed Capital	\$ -	\$2,649	(\$4,184)	\$ -	\$ -	\$ -	(\$1,535)

* December 31 year end

Component Unit Condensed Balance Sheet
University Fund
(in thousands)

	<u>U OF M</u>
Current Assets	\$1,429,796
Non-Current Assets	63,254
Fixed Assets	1,210,812
Restricted Assets	<u>30,366</u>
Total Assets	\$2,734,228
Current Liabilities	\$206,559
Bonds and Other Long-Term Liabilities	<u>505,207</u>
Total Liabilities	<u>\$711,766</u>
Total Equity	\$2,022,462

19. DEFERRED COMPENSATION

The state offers a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all public employees in the state and is administered by the Minnesota State Retirement Association. Investments are managed by the State Board of Investment and two insurance companies. The plan is accounted for in the Deferred Compensation Fund, an agency fund, with its investments reported at market value.

Under this plan, compensation is deferred for income tax purposes in accordance with Section 457 and is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts deferred under the plan, all assets purchased with such deferrals, related income, property or rights, remain (until made available to the employee or beneficiary) solely the property and rights of the employer (the state or local unit of government), subject only to the general creditors of the employer.

In accordance with state statute, the state is not liable for any losses under the plan but does have the duty of due care that would be required of a prudent investor. The state believes that it is unlikely that it or other employers under the plan will use the assets to satisfy the claims of general creditors in the future.

Of the \$1.3 billion of investments in the fund at June 30, 1996, \$596 million was applicable to the state while the remainder represents the assets of the other units of government participating in the plan. At June 30, 1996, \$991.7 million of assets and funds held in trust are managed by third-party administrators.

20. BUDGETARY BASIS VS GAAP

Actual revenues, transfers-in, expenditures, encumbrances and transfers-out on the budgetary basis do not equal those on the GAAP basis in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds. This inequality results primarily from differences in the recognition of accruals, reimbursements, deferred revenue, intrafund and loan transactions, and from the budgetary basis of accounting for encumbrances. On the budgetary basis, encumbrances are recognized as expenditures in the year encumbered, while on the modified accrual basis expenditures are recognized when goods or services are received, regardless of the year encumbered. A reconciliation of the fund balances under the two bases for the General and special revenue funds is provided in the table below.

A major difference between GAAP and budgetary fund balances for special revenue funds is an entity difference for those funds which do not require legal appropriations. A reconciliation of this entity difference is presented here (in thousands). Other differences in basis of accounting and perspective (fund structure) are included in the following table:

Total GAAP Basis Fund Balances -	
All Special Revenue Funds	\$1,021,680
Special Revenue Funds not requiring	
legal appropriation	<u>(477,614)</u>
Total GAAP Fund Balances -	
Appropriated Special Revenue Funds	\$544,066

Reconciliation of GAAP Basis Fund Balances to Budgetary Basis Fund Balances
June 30, 1996
(in thousands)

	Special Revenue Funds							
	General Fund	Trunk Highway	Highway User Tax Distribution	State Airports	Environ- mental	Natural Resources	Health Care Access	Total Special Revenue
GAAP Basis Fund Balances	\$1,418,872	\$277,669	\$956	\$23,073	\$18,128	\$37,070	\$187,170	\$544,066
Less Reserved Fund Balances	675,023	83,357	262	13,373	3,244	8,547	6,363	115,146
Less Designated Fund Balances	<u>251,987</u>	<u>44,963</u>	<u>351</u>	<u>815</u>	<u>8,978</u>	<u>16,408</u>	<u>6,545</u>	<u>78,060</u>
Undesignated Fund Balances	\$491,862	\$149,349	\$343	\$8,885	\$5,906	\$12,115	\$174,262	\$350,860
Basis of Accounting Differences								
Revenue Accruals/Adjustments:								
Taxes Receivable	(364,287)	-	(52,072)	(320)	-	-	(25,134)	(77,526)
Human Services Receivable	(44,346)	-	-	-	-	-	-	-
Federal Aid Receivable	-	122	-	-	-	-	-	122
Refunds Payable	4,581	-	-	-	-	-	-	-
Deferred Revenue	70,977	168	-	-	-	-	-	168
Other Receivables	(8,986)	-	-	-	(4)	(2,023)	-	(2,027)
Expenditure Accruals/Adjustments:								
Family Support, Medical Assist., & MAXIS	227,603	-	-	-	-	-	-	-
Police and Fire Aid	62,956	-	-	-	-	-	-	-
Community Service Grants	13,148	-	-	-	-	-	-	-
Education Aids	11,000	-	-	-	-	-	-	-
Other Payables	10,196	(53)	-	-	(707)	(1,143)	405	(1,498)
Other Financial Sources (Uses):								
Transfers-In	-	(28,556)	-	-	-	-	-	(28,556)
Transfers-Out	-	-	54,080	-	-	-	-	54,080
Reserved Fund Balances:								
Long-Term Receivables	-	-	-	3,065	-	-	-	3,065
Fund Structure Differences								
Terminally Funded Pension Plan	6,678	-	-	-	-	-	-	-
Cambridge Bank Fund Consolidation	21,883	-	-	-	-	-	-	-
Other	<u>2,764</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Budgetary Basis:								
Undesignated Fund Balances	\$506,029	\$121,030	\$2,351	\$11,630	\$5,195	\$8,949	\$149,533	\$298,688

21. SUBSEQUENT EVENTS

Primary Government

On November 1, 1996, \$170,000,000 of general obligation various purpose bonds were sold at a true interest rate of 5.16 percent. The bonds were issued to finance the cost of capital improvements and are backed by the full faith and credit and taxing powers of the state of Minnesota.

On July 18, 1996, \$4,250,000 in revenue bonds with an interest rate of 7.25 percent were issued by the Iron Range Resource and Rehabilitation Board (a special revenue type). The bonds were issued to finance the cost of a golf course development and are limited obligations in accordance with Minnesota Statutes, Sections 298.221 and 469.142 to 149.

As required by the constitution and statutes, transfers from the funds presented below (in thousands) were made on November 27, 1996, to the separately invested Debt Service Fund to cover principal and interest maturing through July 1, 1998.

General	\$235,519
Game and Fish	59
Trunk Highway	7,193
Maximum Effort School Loan	2,353
Colleges and Universities	<u>12,854</u>
Total Transfers to Debt Service	\$257,978

Component Units

On March 28, 1996, \$8,325,000 and \$32,085,000 of general obligation refunding bonds with an interest rate of 4.81 and 5.16 percent respectively were issued by the Metropolitan Council (governmental component) which has a December 31 year end.

On July 16, 1996, \$2,670,000 of revenue bonds with varying interest rates from 5.77 to 6.01 percent were issued by the Agricultural and Economic Development Board, (governmental component) for the purpose of providing funds for small business development.

On July 25, 1996, \$2,820,000 and on September 5, 1996, \$70,000,000 of revenue bonds with varying interest rates from 6.07 to 7.75 percent were issued by the Housing Finance Agency (proprietary component) for the purpose of providing funds for homeownership programs.

On February 15, 1996, National Sports Center Foundation (NSCF), (proprietary component) entered into a sponsorship agreement commencing on January 1, 1996, and ending December 31, 2000. The agreement provides for \$30,000 in annual contributions, \$25,000 per year in promissorial support and a guarantee of \$36 per team registered and participated. In addition, on April 2, 1996, legislation was signed which appropriated funds for the Minnesota Amateur Sports Center to purchase the land acquired by NSCF during 1995.

On July 29, 1996, the University of Minnesota finalized a proposed transfer of its hospital and clinics operations and certain of the assets and liabilities related thereto to Fairview Hospital and Healthcare Services (Fairview). The final agreement is expected to be signed before December 31, 1996. The transfer of assets and liabilities to Fairview is expected to occur no later than January 1997. The assets and liabilities being transferred to Fairview include a short term liability for \$87,500,000. As of June 30, 1996, the University also established a liability of approximately \$112,000,000, for various components related to the transfer. In addition the affiliation agreement established that for the first 32 months of the agreement the University will provide transition support of \$1,000,000 per month for health-related research and education of the University's Academic Health Center operations performed on the hospital campus, and will share equally with Fairview in any deficit in the research and education budget up to a total of an estimate \$6,500,000 each, annually for three years. At the end of the third year after the transaction is executed, the parties will re-evaluate these financial arrangements.

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Combining Financial Statements

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GENERAL FUND

The *General Fund* accounts for all financial resources except those required to be accounted for in another fund.

STATE OF MINNESOTA

GENERAL FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 1996 and 1995
(IN THOUSANDS)

	TOTALS	
	JUNE 30, 1996	JUNE 30, 1995
ASSETS		
Cash and Cash Equivalents.....	\$ 1,728,554	\$ 1,253,682
Accounts Receivable.....	458,592	346,400
Interfund Receivables.....	69,240	82,119
Due from Component Units.....	4,424	-
Accrued Investment/Interest Income.....	34,600	27,220
Loans Receivable.....	15,656	16,838
Advances to Other Funds.....	1,325	638
Total Assets.....	<u>\$ 2,312,391</u>	<u>\$ 1,726,897</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable.....	\$ 708,115	\$ 428,063
Interfund Payables.....	68,569	11,682
Due to Component Units.....	40,143	38,563
Deferred Revenue.....	76,692	82,102
Total Liabilities.....	<u>\$ 893,519</u>	<u>\$ 560,410</u>
Fund Balances:		
Reserved Fund Balances:		
Reserved for Encumbrances.....	\$ 84,145	\$ 84,334
Reserved for Long-Term Receivables.....	20,878	17,121
Budgetary Reserve.....	570,000	500,000
Total Reserved Fund Balances.....	<u>\$ 675,023</u>	<u>\$ 601,455</u>
Unreserved Fund Balances:		
Designated for Appropriation Carryover.....	\$ 251,987	\$ 67,010
Undesignated.....	491,862	498,022
Total Unreserved Fund Balances.....	<u>\$ 743,849</u>	<u>\$ 565,032</u>
Total Fund Balances.....	<u>\$ 1,418,872</u>	<u>\$ 1,166,487</u>
Total Liabilities and Fund Balances.....	<u>\$ 2,312,391</u>	<u>\$ 1,726,897</u>

STATE OF MINNESOTA

GENERAL FUND COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES YEAR ENDED JUNE 30, 1996 and 1995 (IN THOUSANDS)

	TOTALS FOR THE YEAR ENDED	
	JUNE 30, 1996	JUNE 30, 1995
Net Revenues:		
Individual Income Taxes.....	\$ 4,129,026	\$ 3,774,855
Corporate Income Taxes.....	696,393	667,542
Sales Taxes.....	2,933,886	2,728,525
Motor Vehicle License Taxes.....	721	601
Other Taxes.....	1,093,412	1,034,138
Federal Revenues.....	625	11,711
License Fees.....	123,472	55,740
Care and Hospitalization Revenues.....	117,045	106,439
Tuition and Student Fees.....	258,617	182,869
Departmental Services.....	40,390	59,637
Investment/Interest Income.....	77,616	47,721
Other Revenues.....	78,821	70,656
Net Revenues.....	\$ 9,550,024	\$ 8,740,434
Expenditures:		
Current:		
Protection of Persons and Property.....	\$ 101,052	\$ 106,515
Transportation.....	2,935	938
Resource Management.....	94,465	96,423
Economic and Manpower Development.....	60,175	63,471
Education.....	658,041	512,793
Health and Social Services.....	500,140	531,562
General Government.....	225,739	226,084
Total Current Expenditures.....	\$ 1,642,547	\$ 1,537,786
Capital Outlay.....	15,020	10,376
Debt Service.....	239,705	12,514
Grants and Subsidies.....	6,748,552	6,130,091
Total Expenditures.....	\$ 8,645,824	\$ 7,690,767
Excess of Revenues Over (Under) Expenditures.....	\$ 904,200	\$ 1,049,667
Other Financing Sources (Uses):		
Operating Transfers-In.....	\$ 68,774	\$ 84,052
Operating Transfers to Debt Service.....	(237,313)	(202,629)
Other Operating Transfers-Out.....	(102,298)	(81,592)
Transfers-Out to Component Units.....	(652,731)	(654,657)
Bond Proceeds.....	201,741	-
Capital Leases.....	2,091	-
Other Uses.....	-	(69)
Net Other Financing Sources (Uses).....	\$ (719,736)	\$ (854,895)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses.....	\$ 184,464	\$ 194,772
Fund Balances, July 1, as Reported.....	\$ 1,166,487	\$ 738,009
Prior Period Adjustments.....	48,855	-
Change in Accounting Principles.....	-	233,094
Change in Reporting Entity.....	14,987	(5,013)
Fund Balances, July 1, as Restated.....	\$ 1,230,329	\$ 966,090
Residual Equity Transfers-In.....	4,126	6,496
Residual Equity Transfers-Out.....	(47)	(871)
Fund Balances, June 30.....	\$ 1,418,872	\$ 1,166,487

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SPECIAL REVENUE FUNDS

Special revenue funds account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditure for the specific purposes as described below.

The *Trunk Highway Fund* is supported by revenues from the Highway User Tax Distribution Fund and federal grants to provide planning, design, construction and maintenance of the state trunk highway system.

The *Highway User Tax Distribution Fund* receives revenue from taxes on motor vehicles and motor fuels for transfer to various transportation related funds.

The *State Airports Fund* uses revenue from aviation related taxes and fees to provide technical and financial assistance to municipal airports and to promote aviation safety, planning and regulation.

The *Federal Fund* receives and disburses federal government grants and reimbursements. The fund is administered in accordance with grant agreements between the state and federal agencies.

The *Environmental Fund* accounts for activities that monitor and control environmental problems using taxes and fees from activities and industries contributing to environmental problems.

The *Petroleum Tank Cleanup Fund* receives funding from a fee imposed on petroleum distributors for the purpose of reimbursing responsible parties for most of their costs to cleanup environmental contamination from petroleum tanks.

The *Solid Waste Fund* receives funding from a fee imposed on solid waste haulers for the purpose of cleanup of closed municipal landfills.

The *Natural Resources Funds* include three funds created for the purposes of preserving and improving the state's natural resources.

Minnesota Resources Fund receives a portion of the cigarette and tobacco taxes which are appropriated for various natural resource development purposes.

The *Natural Resources Fund* receives taxes from fuel used in recreational vehicles, fees and donations which are used to fund management of the related natural resource programs.

Game and Fish Fund receives revenues from license fees and fines related to hunting and fishing which are spent for related purposes.

The *Maximum Effort School Loan Fund* receives bond proceeds and reimbursements from school districts to help finance school district construction projects.

The *Special Compensation Fund* receives assessments on all insurers for administration of the state workers compensation program, including enforcement, for reimbursement of certain supplemental benefits, and for payment of claims to employees of uninsured and bankrupt firms.

The *Health Care Access Fund* receives taxes on health service providers and premiums for programs which will help contain the costs of health care, make reforms in health insurance, and provide competitive priced insurance for people unable to obtain affordable coverage.

The *Iron Range Resources and Rehabilitation Fund* receives revenues from taconite taxes which are used to promote economic development in northeastern Minnesota.

The *Miscellaneous Special Revenue Fund* includes numerous smaller accounts whose revenues are dedicated to a variety of specific purposes.

STATE OF MINNESOTA

SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1996
(IN THOUSANDS)

	TRUNK HIGHWAY	HIGHWAY USER TAX DISTRIBUTION	STATE AIRPORTS	FEDERAL	ENVIRONMENTAL	PETROLEUM TANK CLEANUP
ASSETS						
Cash and Cash Equivalents.....	\$ 266,719	\$ 12,753	\$ 19,978	\$ 104	\$ 19,142	\$ 18,009
Investments.....	-	-	-	-	-	-
Accounts Receivable.....	3,129	54,762	663	100,606	1,043	6,258
Interfund Receivables.....	34,199	-	-	603	-	6,445
Accrued Investment/Interest Income.....	-	-	-	-	-	-
Federal Aid Receivable.....	29,239	-	-	327,387	-	-
Inventories.....	16,432	-	-	40,055	-	-
Prepaid Expenses.....	-	-	-	-	-	-
Loans Receivable.....	-	-	3,065	4,293	50	-
Advances to Other Funds.....	-	-	-	-	-	-
Total Assets.....	\$ 349,718	\$ 67,515	\$ 23,706	\$ 473,048	\$ 20,235	\$ 30,712
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable.....	\$ 68,779	\$ 428	\$ 633	\$ 286,738	\$ 1,802	\$ 31,271
Notes Payables.....	-	-	-	-	-	-
Interfund Payables.....	3,020	66,131	-	56,418	305	-
Payable to Other Governmental Units.....	-	-	-	57,017	-	-
Due to Component Units.....	-	-	-	-	-	-
Deferred Revenue.....	250	-	-	63,694	-	-
Advances from Other Funds.....	-	-	-	-	-	-
Other Liabilities.....	-	-	-	669	-	-
Total Liabilities.....	\$ 72,049	\$ 66,559	\$ 633	\$ 464,536	\$ 2,107	\$ 31,271
Fund Balances:						
Reserved Fund Balances:						
Reserved for Encumbrances.....	\$ 11,827	\$ 262	\$ 10,308	\$ -	\$ 3,194	\$ 30
Reserved for Inventory.....	16,432	-	-	-	-	-
Reserved for Long-Term Receivables.....	-	-	3,065	3,418	50	-
Reserved for Long-Term Commitments.....	55,098	-	-	-	-	-
Reserved for Long-Term Advances.....	-	-	-	-	-	-
Reserved for Debt Requirements.....	-	-	-	-	-	-
Reserved for Deferred Costs.....	-	-	-	-	-	-
Reserved for Other.....	-	-	-	5,094	-	-
Total Reserved Fund Balances.....	\$ 83,357	\$ 262	\$ 13,373	\$ 8,512	\$ 3,244	\$ 30
Unreserved Fund Balances:						
Designated for Appropriation Carryover.....	\$ 44,963	\$ 351	\$ 815	\$ -	\$ 8,978	\$ -
Designated for Fund Purposes.....	-	-	-	-	-	-
Undesignated.....	149,349	343	8,885	-	5,906	(589)
Total Unreserved Fund Balances.....	\$ 194,312	\$ 694	\$ 9,700	\$ -	\$ 14,884	\$ (589)
Total Fund Balances.....	\$ 277,669	\$ 956	\$ 23,073	\$ 8,512	\$ 18,128	\$ (559)
Total Liabilities and Fund Balances.....	\$ 349,718	\$ 67,515	\$ 23,706	\$ 473,048	\$ 20,235	\$ 30,712

SOLID WASTE	NATURAL RESOURCES	MAXIMUM EFFORT SCHOOL LOAN	SPECIAL COMPENSATION	HEALTH CARE ACCESS	IRON RANGE RESOURCES AND REHABILITATION	MISCELLANEOUS SPECIAL REVENUE	TOTALS	
							JUNE 30, 1996	JUNE 30, 1995
\$ 22,882	\$ 36,832	\$ -	\$ 68,818	\$ 150,331	\$ 43,780	\$ 193,440	\$ 852,788	\$ 747,204
-	-	-	-	-	-	-	-	17,517
571	5,650	-	4,065	29,150	264	31,795	237,956	118,771
1,654	2,321	-	-	14,461	422	15,288	75,393	29,644
-	-	2	-	-	-	15	17	649
-	193	-	-	-	-	-	356,819	375,410
-	-	-	-	-	-	200	56,687	16,432
-	-	-	-	-	-	-	-	5
-	-	128,076	-	189	6,190	34,716	176,579	213,373
-	-	-	-	2,075	-	-	2,075	2,075
<u>\$ 25,107</u>	<u>\$ 44,996</u>	<u>\$ 128,078</u>	<u>\$ 72,883</u>	<u>\$ 196,206</u>	<u>\$ 50,656</u>	<u>\$ 275,454</u>	<u>\$ 1,758,314</u>	<u>\$ 1,521,080</u>
\$ 1,043	\$ 4,620	\$ -	\$ 47,022	\$ 6,383	\$ 1,867	\$ 27,693	\$ 478,279	\$ 497,779
-	-	-	-	-	-	-	-	763
99	3,306	82	-	269	-	4,602	134,232	95,195
-	-	-	-	-	-	-	57,017	42,104
-	-	-	-	297	-	-	297	-
-	-	-	-	2,087	-	88	66,119	33,206
-	-	-	-	-	-	21	21	38
-	-	-	-	-	-	-	669	-
<u>\$ 1,142</u>	<u>\$ 7,926</u>	<u>\$ 82</u>	<u>\$ 47,022</u>	<u>\$ 9,036</u>	<u>\$ 1,867</u>	<u>\$ 32,404</u>	<u>\$ 736,634</u>	<u>\$ 669,085</u>
\$ -	\$ 8,547	\$ -	\$ 1,879	\$ 4,099	\$ 19,374	\$ 55,311	\$ 114,831	\$ 96,253
-	-	-	-	-	-	200	16,632	16,433
-	-	126,848	-	189	6,175	34,570	174,315	207,620
-	-	-	-	-	-	-	55,098	73,005
-	-	-	-	2,075	-	-	2,075	2,075
-	-	-	-	-	-	-	-	21,865
-	-	-	-	-	-	-	-	5
-	-	-	-	-	-	1,040	6,134	4,026
<u>\$ -</u>	<u>\$ 8,547</u>	<u>\$ 126,848</u>	<u>\$ 1,879</u>	<u>\$ 6,363</u>	<u>\$ 25,549</u>	<u>\$ 91,121</u>	<u>\$ 369,085</u>	<u>\$ 421,282</u>
\$ -	\$ 16,408	\$ -	\$ -	\$ 6,545	\$ -	\$ -	\$ 78,060	\$ 30,622
-	-	-	-	-	23,240	151,929	175,169	199,416
23,965	12,115	1,148	23,982	174,262	-	-	399,366	200,675
<u>\$ 23,965</u>	<u>\$ 28,523</u>	<u>\$ 1,148</u>	<u>\$ 23,982</u>	<u>\$ 180,807</u>	<u>\$ 23,240</u>	<u>\$ 151,929</u>	<u>\$ 652,595</u>	<u>\$ 430,713</u>
\$ 23,965	\$ 37,070	\$ 127,996	\$ 25,861	\$ 187,170	\$ 48,789	\$ 243,050	\$ 1,021,680	\$ 851,995
<u>\$ 25,107</u>	<u>\$ 44,996</u>	<u>\$ 128,078</u>	<u>\$ 72,883</u>	<u>\$ 196,206</u>	<u>\$ 50,656</u>	<u>\$ 275,454</u>	<u>\$ 1,758,314</u>	<u>\$ 1,521,080</u>

STATE OF MINNESOTA

SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 1996
(IN THOUSANDS)

	TRUNK HIGHWAY	HIGHWAY USER TAX DISTRIBUTION	STATE AIRPORTS	FEDERAL	ENVIRONMENTAL	PETROLEUM TANK CLEANUP
Net Revenues:						
Motor Vehicle License Taxes.....	\$ -	\$ 449,495	\$ -	\$ -	\$ -	\$ -
Fuel Taxes.....	-	517,487	3,215	-	-	-
Other Taxes.....	-	-	12,066	-	3,116	-
Federal Revenues.....	180,437	-	138	3,136,606	-	-
License Fees.....	30,369	4,761	57	-	18,265	18,312
Care and Hospitalization Revenues.....	-	-	-	-	-	-
Tuition and Student Fees.....	-	-	-	-	-	-
Departmental Services.....	1,838	404	694	102	17	-
Investment/Interest Income.....	12,517	1,274	1,849	249	394	1,608
Penalties and Fines.....	5,839	735	-	-	4,199	231
Other Revenues.....	11,298	25	87	21,877	172	7
Net Revenues.....	\$ 242,298	\$ 974,181	\$ 18,106	\$ 3,158,834	\$ 26,163	\$ 20,158
Expenditures:						
Current:						
Protection of Persons and Property.....	\$ 64,980	\$ 11,346	\$ -	\$ 19,734	\$ 39	\$ -
Transportation.....	339,044	471	7,056	2,006	25	-
Resource Management.....	-	-	-	18,638	19,252	33,766
Economic and Manpower Development.....	678	-	-	72,056	275	-
Education.....	7	-	-	36,653	-	-
Health and Social Services.....	904	-	-	108,270	151	-
General Government.....	2,661	1,588	19	2,260	293	17
Total Current Expenditures.....	\$ 408,274	\$ 13,405	\$ 7,075	\$ 259,617	\$ 20,035	\$ 33,783
Capital Outlay.....	383,375	-	59	4,777	441	40
Debt Service.....	7,773	-	-	-	59	-
Grants and Subsidies.....	2,434	-	9,434	2,876,996	1,323	-
Total Expenditures.....	\$ 801,856	\$ 13,405	\$ 16,568	\$ 3,141,390	\$ 21,858	\$ 33,823
Excess of Revenues Over (Under) Expenditures.....	\$ (559,558)	\$ 960,776	\$ 1,538	\$ 17,444	\$ 4,305	\$ (13,665)
Other Financing Sources (Uses):						
General Obligation Bonds.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from Loans.....	229	-	-	-	-	-
Operating Transfers-In.....	571,501	-	40	-	-	-
Operating Transfers to Debt Service.....	(11,626)	-	-	-	-	-
Other Operating Transfers-Out.....	-	(959,873)	(40)	(5,926)	-	-
Transfers-Out to Component Units.....	-	-	-	(10,505)	-	-
Capital Leases.....	-	-	-	-	-	-
Other Sources (Uses).....	-	-	-	-	-	-
Net Other Financing Sources (Uses).....	\$ 560,104	\$ (959,873)	\$ -	\$ (16,431)	\$ -	\$ -
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses.....	\$ 546	\$ 903	\$ 1,538	\$ 1,013	\$ 4,305	\$ (13,665)
Fund Balances, July 1 as Reported.....	\$ 249,274	\$ 53	\$ 21,535	\$ 1,119	\$ 13,823	\$ 13,106
Prior Period Adjustments.....	27,849	-	-	-	-	-
Change in Reporting Entity.....	-	-	-	-	-	-
Fund Balances, July 1 as Restated.....	\$ 277,123	\$ 53	\$ 21,535	\$ 1,119	\$ 13,823	\$ 13,106
Residual Equity Transfers-In.....	-	-	-	6,380	-	-
Residual Equity Transfers-Out.....	-	-	-	-	-	-
Change in Inventory.....	-	-	-	-	-	-
Fund Balances, June 30.....	\$ 277,669	\$ 956	\$ 23,073	\$ 8,512	\$ 18,128	\$ (559)

SOLID WASTE	NATURAL RESOURCES	MAXIMUM EFFORT SCHOOL LOAN	SPECIAL COMPENSATION	HEALTH CARE ACCESS	IRON RANGE RESOURCES AND REHABILITATION	MISCELLANEOUS SPECIAL REVENUE	TOTALS FOR THE YEAR ENDED	
							JUNE 30, 1996	JUNE 30, 1995
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 449,495	\$ 416,192
-	-	-	-	-	-	-	520,702	484,573
-	4,655	-	109,446	156,142	23,755	33,299	342,479	350,366
-	11,667	-	-	-	-	55,125	3,383,973	3,145,254
20,086	46,126	-	-	76	-	69,466	207,518	101,264
-	-	-	-	-	-	-	-	15,690
-	-	-	-	-	-	11,275	11,275	8,251
-	418	-	-	15,336	1,895	61,169	81,873	125,538
1,031	1,281	8,057	2,552	-	2,029	7,170	40,011	37,098
-	-	-	-	-	-	1,582	12,586	8,096
3,355	1,715	-	13,766	26	54	99,769	152,151	127,377
<u>\$ 24,472</u>	<u>\$ 65,862</u>	<u>\$ 8,057</u>	<u>\$ 125,764</u>	<u>\$ 171,580</u>	<u>\$ 27,733</u>	<u>\$ 338,855</u>	<u>\$ 5,202,063</u>	<u>\$ 4,819,699</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,384	\$ 101,483	\$ 90,466
-	-	-	-	-	-	175	348,777	373,256
14,863	64,698	-	-	-	-	28,279	179,496	178,558
-	370	-	20,143	3	8,330	29,253	131,108	158,166
-	-	1	-	-	-	29,221	65,882	49,879
-	-	-	-	9,742	-	117,259	236,326	166,733
175	4	-	3,290	1,142	-	36,563	48,012	32,483
<u>\$ 15,038</u>	<u>\$ 65,072</u>	<u>\$ 1</u>	<u>\$ 23,433</u>	<u>\$ 10,887</u>	<u>\$ 8,330</u>	<u>\$ 246,134</u>	<u>\$ 1,111,084</u>	<u>\$ 1,049,541</u>
201	5,057	-	1,071	15	3,094	6,405	404,535	320,106
-	-	-	560	-	-	1,672	10,064	13,128
-	9,627	-	91,399	63,060	13,562	103,909	3,171,744	2,938,019
<u>\$ 15,239</u>	<u>\$ 79,756</u>	<u>\$ 1</u>	<u>\$ 116,463</u>	<u>\$ 73,962</u>	<u>\$ 24,986</u>	<u>\$ 358,120</u>	<u>\$ 4,697,427</u>	<u>\$ 4,320,794</u>
<u>\$ 9,233</u>	<u>\$ (13,894)</u>	<u>\$ 8,056</u>	<u>\$ 9,301</u>	<u>\$ 97,618</u>	<u>\$ 2,747</u>	<u>\$ (19,265)</u>	<u>\$ 504,636</u>	<u>\$ 498,905</u>
\$ -	\$ -	\$ 13,990	\$ -	\$ -	\$ -	\$ -	\$ 13,990	\$ 14,025
-	-	-	-	-	-	-	229	-
-	14,141	-	-	-	443	101,448	687,573	633,647
-	(98)	(10,175)	-	-	-	(499)	(22,398)	(25,906)
-	(26)	-	-	(1,124)	-	(13,177)	(980,166)	(943,453)
-	(1,030)	-	-	(2,567)	-	-	(14,102)	(9,294)
-	-	-	-	-	-	2,383	2,383	2,402
-	-	-	-	-	-	-	-	477
<u>\$ -</u>	<u>\$ 12,987</u>	<u>\$ 3,815</u>	<u>\$ -</u>	<u>\$ (3,691)</u>	<u>\$ 443</u>	<u>\$ 90,155</u>	<u>\$ (312,491)</u>	<u>\$ (328,102)</u>
<u>\$ 9,233</u>	<u>\$ (907)</u>	<u>\$ 11,871</u>	<u>\$ 9,301</u>	<u>\$ 93,927</u>	<u>\$ 3,190</u>	<u>\$ 70,890</u>	<u>\$ 192,145</u>	<u>\$ 170,803</u>
\$ 14,732	\$ 37,977	\$ 116,125	\$ 16,560	\$ 66,684	\$ 45,599	\$ 255,408	\$ 851,995	\$ 686,593
-	-	-	-	26,559	-	-	54,408	-
-	-	-	-	-	-	(72,909)	(72,909)	(147)
<u>\$ 14,732</u>	<u>\$ 37,977</u>	<u>\$ 116,125</u>	<u>\$ 16,560</u>	<u>\$ 93,243</u>	<u>\$ 45,599</u>	<u>\$ 182,499</u>	<u>\$ 833,494</u>	<u>\$ 686,446</u>
-	-	-	-	-	-	-	6,380	457
-	-	-	-	-	-	(10,539)	(10,539)	(6,727)
-	-	-	-	-	-	200	200	1,016
<u>\$ 23,965</u>	<u>\$ 37,070</u>	<u>\$ 127,996</u>	<u>\$ 25,861</u>	<u>\$ 187,170</u>	<u>\$ 48,789</u>	<u>\$ 243,050</u>	<u>\$ 1,021,680</u>	<u>\$ 851,995</u>

STATE OF MINNESOTA

APPROPRIATED SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
BUDGETARY BASIS
YEAR ENDED JUNE 30, 1996
(IN THOUSANDS)

	TRUNK HIGHWAY			HIGHWAY USER TAX DISTRIBUTION		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Net Revenues:						
Motor Vehicle License Taxes.....	\$ -	\$ -	\$ -	\$ 426,950	\$ 449,719	\$ 22,769
Fuel Taxes.....	-	-	-	506,920	518,165	11,245
Other Taxes.....	-	-	-	-	-	-
Federal Revenues.....	225,263	228,392	3,129	-	-	-
License Fees.....	-	-	-	-	-	-
Departmental Services.....	40,911	37,288	(3,623)	6,045	5,166	(879)
Investment/Interest Income.....	10,350	12,843	2,493	1,380	1,198	(182)
Other Revenues.....	20,537	16,878	(3,659)	1,032	836	(196)
Net Revenues.....	\$ 297,061	\$ 295,401	\$ (1,660)	\$ 942,327	\$ 975,084	\$ 32,757
Expenditures:						
Protection of Persons and Property.....	\$ 66,197	\$ 66,197	\$ -	\$ 11,440	\$ 11,440	\$ -
Transportation.....	748,213	745,187	3,026	374	374	-
Resource Management.....	-	-	-	-	-	-
Economic and Manpower Development.....	679	679	-	-	-	-
Education.....	13	13	-	-	-	-
Health and Social Services.....	1,528	1,527	1	-	-	-
General Government.....	405	373	32	1,626	1,626	-
Total Expenditures.....	\$ 817,035	\$ 813,976	\$ 3,059	\$ 13,440	\$ 13,440	\$ -
Excess of Revenues Over (Under)						
Expenditures.....	\$ (519,974)	\$ (518,575)	\$ 1,399	\$ 928,887	\$ 961,644	\$ 32,757
Other Financing Sources (Uses):						
Operating Transfers-In.....	\$ 555,481	\$ 574,527	\$ 19,046	\$ -	\$ -	\$ -
Operating Transfers to Debt Service.....	(11,948)	(11,626)	322	-	-	-
Other Operating Transfers-Out.....	-	-	-	(930,170)	(960,371)	(30,201)
Transfers-Out to Component Units.....	-	-	-	-	-	-
Net Other Financing Sources (Uses).....	\$ 543,533	\$ 562,901	\$ 19,368	\$ (930,170)	\$ (960,371)	\$ (30,201)
Excess of Revenues and Other Sources Over						
(Under) Expenditures and Other Uses.....	\$ 23,559	\$ 44,326	\$ 20,767	\$ (1,283)	\$ 1,273	\$ 2,556
Fund Balances, July 1, 1995 as Reported.....	112,691	112,691	-	1,428	1,428	-
Prior Year Adjustments.....	8,976	8,976	-	1	1	-
Total Fund Balances, June 30, 1996.....	\$ 145,226	\$ 165,993	\$ 20,767	\$ 146	\$ 2,702	\$ 2,556
Less Appropriation Carryover.....	-	44,963	(44,963)	-	351	(351)
Less Reserve for Other.....	-	-	-	-	-	-
Undesignated Fund Balances, June 30, 1996.....	\$ 145,226	\$ 121,030	\$ (24,196)	\$ 146	\$ 2,351	\$ 2,205

STATE AIRPORTS			ENVIRONMENTAL			NATURAL RESOURCES			HEALTH CARE ACCESS			COMBINED TOTALS		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 426,950	\$ 449,719	\$ 22,769
2,785	2,896	111	-	-	-	-	-	-	-	-	-	509,705	521,061	11,356
11,159	12,066	907	2,999	3,115	116	7,576	4,655	(2,921)	151,962	154,172	2,210	173,696	174,008	312
-	-	-	-	-	-	12,707	13,162	455	-	-	-	237,970	241,554	3,584
-	-	-	18,400	18,250	(150)	45,160	45,282	122	-	76	76	63,560	63,608	48
400	751	351	-	63	63	-	-	-	18,198	17,424	(774)	65,554	60,692	(4,862)
1,025	1,852	827	234	370	136	1,221	1,281	60	-	-	-	14,210	17,544	3,334
1,566	225	(1,341)	3,565	4,369	804	2,186	2,484	298	3,354	26	(3,328)	32,240	24,818	(7,422)
<u>\$ 16,935</u>	<u>\$ 17,790</u>	<u>\$ 855</u>	<u>\$ 25,198</u>	<u>\$ 26,167</u>	<u>\$ 969</u>	<u>\$ 68,850</u>	<u>\$ 66,864</u>	<u>\$ (1,986)</u>	<u>\$ 173,514</u>	<u>\$ 171,698</u>	<u>\$ (1,816)</u>	<u>\$ 1,523,885</u>	<u>\$ 1,553,004</u>	<u>\$ 29,119</u>
\$ -	\$ -	\$ -	\$ 38	\$ 38	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 77,675	\$ 77,675	\$ -
18,515	18,515	-	-	-	-	-	-	-	-	-	-	767,102	764,076	3,026
-	-	-	23,732	21,722	2,010	76,856	75,759	1,097	-	-	-	100,588	97,481	3,107
-	-	-	349	349	-	865	865	-	52	3	49	1,945	1,896	49
-	-	-	-	-	-	524	524	-	-	-	-	537	537	-
-	-	-	171	164	7	-	-	-	103,093	78,976	24,117	104,792	80,667	24,125
19	19	-	292	292	-	134	134	-	1,124	1,124	-	3,600	3,568	32
<u>\$ 18,534</u>	<u>\$ 18,534</u>	<u>\$ -</u>	<u>\$ 24,582</u>	<u>\$ 22,565</u>	<u>\$ 2,017</u>	<u>\$ 78,379</u>	<u>\$ 77,282</u>	<u>\$ 1,097</u>	<u>\$ 104,269</u>	<u>\$ 80,103</u>	<u>\$ 24,166</u>	<u>\$ 1,056,239</u>	<u>\$ 1,025,900</u>	<u>\$ 30,339</u>
<u>\$ (1,599)</u>	<u>\$ (744)</u>	<u>\$ 855</u>	<u>\$ 616</u>	<u>\$ 3,602</u>	<u>\$ 2,986</u>	<u>\$ (9,529)</u>	<u>\$ (10,418)</u>	<u>\$ (889)</u>	<u>\$ 69,245</u>	<u>\$ 91,595</u>	<u>\$ 22,350</u>	<u>\$ 467,646</u>	<u>\$ 527,104</u>	<u>\$ 59,458</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,852	\$ 10,579	\$ (273)	\$ -	\$ -	\$ -	\$ 566,333	\$ 585,106	\$ 18,773
-	-	-	-	-	-	(99)	(99)	-	-	-	-	(12,047)	(11,725)	322
-	-	-	-	-	-	(26)	(26)	-	(2,124)	(1,124)	1,000	(932,320)	(961,521)	(29,201)
-	-	-	-	-	-	(1,030)	(1,030)	-	(2,567)	(2,567)	-	(3,597)	(3,597)	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,697</u>	<u>\$ 9,424</u>	<u>\$ (273)</u>	<u>\$ (4,691)</u>	<u>\$ (3,691)</u>	<u>\$ 1,000</u>	<u>\$ (381,631)</u>	<u>\$ (391,737)</u>	<u>\$ (10,106)</u>
\$ (1,599)	\$ (744)	\$ 855	\$ 616	\$ 3,602	\$ 2,986	\$ 168	\$ (994)	\$ (1,162)	\$ 64,554	\$ 87,904	\$ 23,350	\$ 86,015	\$ 135,367	\$ 49,352
12,509	12,509	-	7,861	7,861	-	22,763	22,763	-	72,916	72,916	-	230,168	230,168	-
-	680	680	-	2,710	2,710	-	787	787	-	490	490	8,977	13,644	4,667
\$ 10,910	\$ 12,445	\$ 1,535	\$ 8,477	\$ 14,173	\$ 5,696	\$ 22,931	\$ 22,556	\$ (375)	\$ 137,470	\$ 161,310	\$ 23,840	\$ 325,160	\$ 379,179	\$ 54,019
-	815	(815)	8,477	8,978	(501)	9,676	13,607	(3,931)	-	6,545	(6,545)	18,153	75,259	(57,106)
-	-	-	-	-	-	-	-	-	16,922	5,232	11,690	16,922	5,232	11,690
<u>\$ 10,910</u>	<u>\$ 11,630</u>	<u>\$ 720</u>	<u>\$ -</u>	<u>\$ 5,195</u>	<u>\$ 5,195</u>	<u>\$ 13,255</u>	<u>\$ 8,949</u>	<u>\$ (4,306)</u>	<u>\$ 120,548</u>	<u>\$ 149,533</u>	<u>\$ 28,985</u>	<u>\$ 290,085</u>	<u>\$ 298,688</u>	<u>\$ 8,603</u>

STATE OF MINNESOTA

NATURAL RESOURCES FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1996
(IN THOUSANDS)

	MINNESOTA RESOURCES	NATURAL RESOURCES	GAME AND FISH	TOTALS	
				JUNE 30, 1996	JUNE 30, 1995
ASSETS					
Cash and Cash Equivalents.....	\$ 7,824	\$ 13,880	\$ 15,128	\$ 36,832	\$ 35,882
Accounts Receivable.....	1,024	622	4,004	5,650	6,513
Interfund Receivables.....	-	2,321	-	2,321	1,865
Federal Aid Receivable.....	-	-	193	193	1,015
Total Assets.....	<u>\$ 8,848</u>	<u>\$ 16,823</u>	<u>\$ 19,325</u>	<u>\$ 44,996</u>	<u>\$ 45,275</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable.....	\$ 680	\$ 1,236	\$ 2,704	\$ 4,620	\$ 7,298
Interfund Payables.....	2,119	329	858	3,306	-
Total Liabilities.....	<u>\$ 2,799</u>	<u>\$ 1,565</u>	<u>\$ 3,562</u>	<u>\$ 7,926</u>	<u>\$ 7,298</u>
Fund Balances:					
Reserved Fund Balances:					
Reserved for Encumbrances.....	\$ 3,935	\$ 2,252	\$ 2,360	\$ 8,547	\$ 8,223
Total Reserved Fund Balances.....	<u>\$ 3,935</u>	<u>\$ 2,252</u>	<u>\$ 2,360</u>	<u>\$ 8,547</u>	<u>\$ 8,223</u>
Unreserved Fund Balances:					
Designated for Appropriation Carryover.....	\$ 923	\$ 13,006	\$ 2,479	\$ 16,408	\$ 17,071
Undesignated.....	1,191	-	10,924	12,115	12,683
Total Unreserved Fund Balances.....	<u>\$ 2,114</u>	<u>\$ 13,006</u>	<u>\$ 13,403</u>	<u>\$ 28,523</u>	<u>\$ 29,754</u>
Total Fund Balances.....	<u>\$ 6,049</u>	<u>\$ 15,258</u>	<u>\$ 15,763</u>	<u>\$ 37,070</u>	<u>\$ 37,977</u>
Total Liabilities and Fund Balances.....	<u>\$ 8,848</u>	<u>\$ 16,823</u>	<u>\$ 19,325</u>	<u>\$ 44,996</u>	<u>\$ 45,275</u>

STATE OF MINNESOTA

NATURAL RESOURCES FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES JUNE 30, 1996 (IN THOUSANDS)

	MINNESOTA RESOURCES	NATURAL RESOURCES	GAME AND FISH	TOTALS FOR THE YEAR ENDED	
				JUNE 30, 1996	JUNE 30, 1995
Net Revenues:					
Tobacco Taxes.....	\$ 4,655	\$ -	\$ -	\$ 4,655	\$ 8,234
Federal Revenues.....	-	-	11,667	11,667	13,672
License Fees.....	-	7,643	38,483	46,126	45,430
Departmental Services.....	-	-	418	418	225
Investment Income.....	413	118	750	1,281	1,148
Other Revenues.....	6	1,397	312	1,715	4,081
Net Revenues.....	\$ 5,074	\$ 9,158	\$ 51,630	\$ 65,862	\$ 72,790
Expenditures:					
Current:					
Transportation.....	\$ -	\$ -	\$ -	\$ -	\$ 149
Resource Management.....	1,269	14,475	48,954	64,698	64,828
Economic and Manpower Development.....	370	-	-	370	1,046
General Government.....	4	-	-	4	48
Total Current Expenditures.....	\$ 1,643	\$ 14,475	\$ 48,954	\$ 65,072	\$ 66,071
Capital Outlay.....	3,107	472	1,478	5,057	6,414
Debt Service.....	-	-	-	-	173
Grants and Subsidies.....	4,554	4,681	392	9,627	5,996
Total Expenditures.....	\$ 9,304	\$ 19,628	\$ 50,824	\$ 79,756	\$ 78,654
Excess of Revenues Over (Under) Expenditures.....	\$ (4,230)	\$ (10,470)	\$ 806	\$ (13,894)	\$ (5,864)
Other Financing Sources (Uses):					
Operating Transfers-In.....	\$ 3,107	\$ 11,034	\$ -	\$ 14,141	\$ 13,769
Operating Transfers to Debt Service Fund.....	-	(54)	(44)	(98)	(120)
Transfer-Out Component Unit.....	(1,030)	-	-	(1,030)	-
Other Operating Transfers-Out.....	-	(26)	-	(26)	(8)
Net Other Financing Sources (Uses).....	\$ 2,077	\$ 10,954	\$ (44)	\$ 12,987	\$ 13,641
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses.....	\$ (2,153)	\$ 484	\$ 762	\$ (907)	\$ 7,777
Fund Balances, July 1.....	8,202	14,774	15,001	37,977	30,200
Fund Balances, June 30.....	\$ 6,049	\$ 15,258	\$ 15,763	\$ 37,070	\$ 37,977

STATE OF MINNESOTA

NATURAL RESOURCES FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
BUDGETARY BASIS

YEAR ENDED JUNE 30, 1996
(IN THOUSANDS)

	MINNESOTA RESOURCES			NATURAL RESOURCES		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Net Revenues:						
Tobacco Taxes.....	\$ 7,576	\$ 4,655	\$ (2,921)	\$ -	\$ -	\$ -
Federal Revenues.....	-	-	-	-	-	-
License Fees.....	-	-	-	7,043	7,126	83
Investment Income.....	405	414	9	216	117	(99)
Other Revenues.....	5	6	1	1,203	1,601	398
Net Revenues.....	\$ 7,986	\$ 5,075	\$ (2,911)	\$ 8,462	\$ 8,844	\$ 382
Expenditures:						
Resource Management.....	\$ 7,797	\$ 6,893	\$ 904	\$ 18,742	\$ 18,549	\$ 193
Economic and Manpower Development.....	865	865	-	-	-	-
Education.....	524	524	-	-	-	-
General Government.....	134	134	-	-	-	-
Total Expenditures.....	\$ 9,320	\$ 8,416	\$ 904	\$ 18,742	\$ 18,549	\$ 193
Excess of Revenues Over (Under) Expenditures	\$ (1,334)	\$ (3,341)	\$ (2,007)	\$ (10,280)	\$ (9,705)	\$ 575
Other Financing Sources (Uses):						
Operating Transfers-In.....	\$ 90	\$ -	\$ (90)	\$ 10,762	\$ 10,579	\$ (183)
Operating Transfers to Debt Service.....	-	-	-	(55)	(55)	-
Other Operating Transfers-Out.....	-	-	-	(26)	(26)	-
Transfers-Out to Component Units.....	(1,030)	(1,030)	-	-	-	-
Net Other Financing Sources (Uses).....	\$ (940)	\$ (1,030)	\$ (90)	\$ 10,681	\$ 10,498	\$ (183)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses.....	\$ (2,274)	\$ (4,371)	\$ (2,097)	\$ 401	\$ 793	\$ 392
Fund Balances, July 1, 1995, as Reported.....	6,673	6,673	-	9,275	9,275	-
Prior Year Adjustments.....	-	170	170	-	137	137
Fund Balances, June 30, 1996.....	\$ 4,399	\$ 2,472	\$ (1,927)	\$ 9,676	\$ 10,205	\$ 529
Less Appropriation Carryover.....	-	923	(923)	9,676	10,205	(529)
Undesignated Fund Balances, June 30, 1996.....	\$ 4,399	\$ 1,549	\$ (2,850)	\$ -	\$ -	\$ -

GAME AND FISH			COMBINED TOTALS		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ -	\$ -	\$ -	\$ 7,576	\$ 4,655	\$ (2,921)
12,707	13,162	455	12,707	13,162	455
38,117	38,156	39	45,160	45,282	122
600	750	150	1,221	1,281	60
978	877	(101)	2,186	2,484	298
<u>\$ 52,402</u>	<u>\$ 52,945</u>	<u>\$ 543</u>	<u>\$ 68,850</u>	<u>\$ 66,864</u>	<u>\$ (1,986)</u>
\$ 50,317	\$ 50,317	\$ -	\$ 76,856	\$ 75,759	\$ 1,097
-	-	-	865	865	-
-	-	-	524	524	-
-	-	-	134	134	-
<u>\$ 50,317</u>	<u>\$ 50,317</u>	<u>\$ -</u>	<u>\$ 78,379</u>	<u>\$ 77,282</u>	<u>\$ 1,097</u>
\$ 2,085	\$ 2,628	\$ 543	\$ (9,529)	\$ (10,418)	\$ (889)
\$ -	\$ -	\$ -	\$ 10,852	\$ 10,579	\$ (273)
(44)	(44)	-	(99)	(99)	-
-	-	-	(26)	(26)	-
-	-	-	(1,030)	(1,030)	-
<u>\$ (44)</u>	<u>\$ (44)</u>	<u>\$ -</u>	<u>\$ 9,697</u>	<u>\$ 9,424</u>	<u>\$ (273)</u>
\$ 2,041	\$ 2,584	\$ 543	\$ 168	\$ (994)	\$ (1,162)
6,815	6,815	-	22,763	22,763	-
-	480	480	-	787	787
<u>\$ 8,856</u>	<u>\$ 9,879</u>	<u>\$ 1,023</u>	<u>\$ 22,931</u>	<u>\$ 22,556</u>	<u>\$ (375)</u>
-	2,479	(2,479)	9,676	13,607	(3,931)
<u>\$ 8,856</u>	<u>\$ 7,400</u>	<u>\$ (1,456)</u>	<u>\$ 13,255</u>	<u>\$ 8,949</u>	<u>\$ (4,306)</u>

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CAPITAL PROJECTS FUNDS

These funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and fiduciary funds). Descriptions of individual funds in this fund type follow:

The *General Project Fund* receives monies appropriated from the General Fund for maintenance, building, or capital improvement projects.

The *Transportation Fund* receives proceeds of transportation bonds, General Fund appropriations and federal grants for the construction or reconstruction of state and locally owned bridges.

The *Building Fund* receives revenue from the sale of state bonds to provide funds for the maintenance, acquisition and betterment of state lands and buildings and to make grants and loans to local governments for the acquisition and betterment of other public land and buildings.

STATE OF MINNESOTA

CAPITAL PROJECTS FUNDS COMBINING BALANCE SHEET

JUNE 30, 1996
(IN THOUSANDS)

				TOTALS	
	GENERAL			JUNE 30,	JUNE 30,
	PROJECT	TRANSPORTATION	BUILDING	1996	1995
ASSETS					
Cash and Cash Equivalents.....	\$ 4,285	\$ 9,461	\$ 208,228	\$ 221,974	\$ 85,977
Investments.....	-	-	16,025	16,025	32,950
Interfund Receivable.....	-	-	-	-	3,150
Accrued Investment/Interest Income.....	-	-	1,148	1,148	233
Loans Receivable.....	85	-	33,881	33,966	14,313
Prepaid Expenses.....	-	-	-	-	11
Total Assets.....	<u>\$ 4,370</u>	<u>\$ 9,461</u>	<u>\$ 259,282</u>	<u>\$ 273,113</u>	<u>\$ 136,634</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable.....	\$ 44	\$ 285	\$ 22,207	\$ 22,536	\$ 28,422
Interfund Payables.....	-	-	333	333	5,610
Advances From Other Funds.....	-	-	9	9	-
Total Liabilities.....	<u>\$ 44</u>	<u>\$ 285</u>	<u>\$ 22,549</u>	<u>\$ 22,878</u>	<u>\$ 34,032</u>
Fund Balances:					
Reserved Fund Balances:					
Reserved for Encumbrances.....	\$ 400	\$ -	\$ -	\$ 400	\$ -
Reserved for Long-Term Receivables.....	85	-	33,881	33,966	14,313
Reserved for Long-Term Commitments.....	-	9,176	200,451	209,627	79,312
Reserved for Deferred Costs.....	-	-	-	-	11
Total Reserved Fund Balances.....	<u>\$ 485</u>	<u>\$ 9,176</u>	<u>\$ 234,332</u>	<u>\$ 243,993</u>	<u>\$ 93,636</u>
Unreserved Fund Balances:					
Designated for Fund Purpose.....	\$ -	\$ -	\$ 2,401	\$ 2,401	\$ -
Undesignated.....	3,841	-	-	3,841	8,966
Total Fund Balances.....	<u>\$ 4,326</u>	<u>\$ 9,176</u>	<u>\$ 236,733</u>	<u>\$ 250,235</u>	<u>\$ 102,602</u>
Total Liabilities and Fund Balances.....	<u>\$ 4,370</u>	<u>\$ 9,461</u>	<u>\$ 259,282</u>	<u>\$ 273,113</u>	<u>\$ 136,634</u>

STATE OF MINNESOTA

CAPITAL PROJECTS FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES YEAR ENDED JUNE 30, 1996 (IN THOUSANDS)

	GENERAL PROJECT	TRANSPORTATION	BUILDING	TOTALS FOR THE YEAR ENDED	
				JUNE 30, 1996	JUNE 30, 1995
Net Revenues:					
Investment/Interest Income.....	\$ -	\$ -	\$ 8,316	\$ 8,316	\$ 5,249
Federal Revenues.....	-	-	-	-	3,987
Other Revenues.....	-	-	-	-	1,000
Net Revenues.....	\$ -	\$ -	\$ 8,316	\$ 8,316	\$ 10,236
Expenditures:					
Current:					
Protection of Persons and Property.....	\$ 9	\$ -	\$ -	\$ 9	\$ 91
Transportation.....	-	472	-	472	257
Resource Management.....	120	-	17,572	17,692	11,612
Economic and Manpower Development.....	-	-	55	55	5,342
Education.....	168	-	14,970	15,138	29,483
Health and Social Services.....	-	-	52	52	2,194
General Government.....	578	-	24,561	25,139	19,832
Total Current Expenditures.....	\$ 875	\$ 472	\$ 57,210	\$ 58,557	\$ 68,811
Capital Outlay.....	25	573	88,663	89,261	67,021
Debt Service.....	-	-	4	4	-
Grants and Subsidies.....	336	12,400	48,764	61,500	49,067
Total Expenditures.....	\$ 1,236	\$ 13,445	\$ 194,641	\$ 209,322	\$ 184,899
Excess of Revenues Over (Under) Expenditures....	\$ (1,236)	\$ (13,445)	\$ (186,325)	\$ (201,006)	\$ (174,663)
Other Financing Sources (Uses):					
General Obligation Bonds.....	\$ -	\$ 21,490	\$ 381,628	\$ 403,118	\$ 268,645
Operating Transfers-In.....	-	-	-	-	27
Operating Transfers to Debt Service.....	-	-	(8,400)	(8,400)	(16,179)
Transfers-Out to Component Units.....	-	-	(43,794)	(43,794)	(50,162)
Net Other Financing Sources (Uses).....	\$ -	\$ 21,490	\$ 329,434	\$ 350,924	\$ 202,331
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses.....	\$ (1,236)	\$ 8,045	\$ 143,109	\$ 149,918	\$ 27,668
Fund Balances, July 1.....	\$ 5,562	\$ 1,131	\$ 95,909	\$ 102,602	\$ 74,790
Residual Equity Transfers-In.....	-	-	-	-	466
Residual Equity Transfers-Out.....	-	-	(2,285)	(2,285)	(322)
Fund Balances, June 30.....	\$ 4,326	\$ 9,176	\$ 236,733	\$ 250,235	\$ 102,602

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DEBT SERVICE FUND

The *Debt Service Fund* accounts for the accumulation of resources for, and the payment of, most general obligation long-term debt principal and interest.

STATE OF MINNESOTA

DEBT SERVICE FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 1996 and 1995
(IN THOUSANDS)

	TOTALS	
	JUNE 30, 1996	JUNE 30, 1995
ASSETS		
Cash and Cash Equivalents.....	\$ 242,100	\$ 242,315
Investments.....	56,324	52,459
Accounts Receivable.....	18	15
Interfund Receivables.....	35,313	4
Accrued Investment Income.....	681	662
Total Assets.....	<u>\$ 334,436</u>	<u>\$ 295,455</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable.....	\$ 845	\$ 1,279
Funds Held in Trust.....	581	1,008
Total Liabilities.....	<u>\$ 1,426</u>	<u>\$ 2,287</u>
Fund Balances:		
Reserved for Debt Requirements.....	\$ 333,010	\$ 293,168
Total Fund Balances.....	<u>\$ 333,010</u>	<u>\$ 293,168</u>
Total Liabilities and Fund Balances.....	<u>\$ 334,436</u>	<u>\$ 295,455</u>

STATE OF MINNESOTA

DEBT SERVICE FUND COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES YEAR ENDED JUNE 30, 1996 and 1995 (IN THOUSANDS)

	TOTALS FOR THE YEAR ENDED	
	JUNE 30, 1996	JUNE 30, 1995
Net Revenues:		
Tobacco Taxes.....	\$ 14,060	\$ 14,589
Other Taxes.....	2,708	2,741
Investment Income.....	15,379	14,641
Other Revenues.....	450	3,679
Net Revenues.....	\$ 32,597	\$ 35,650
Expenditures:		
Current:		
General Government.....	\$ 35	\$ 42
Total Current Expenditures.....	\$ 35	\$ 42
Debt Service.....	272,527	259,702
Total Expenditures.....	\$ 272,562	\$ 259,744
Excess of Revenues Over (Under) Expenditures.....	\$ (239,965)	\$ (224,094)
Other Financing Sources (Uses):		
Operating Transfers-In.....	\$ 269,221	\$ 244,844
Operating Transfers-In from Component Units.....	8,301	-
Net Other Financing Sources (Uses).....	\$ 277,522	\$ 244,844
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses.....	\$ 37,557	\$ 20,750
Fund Balances, July 1.....	293,168	272,096
Residual Equity Transfers-In.....	2,285	322
Fund Balances, June 30.....	\$ 333,010	\$ 293,168

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ENTERPRISE FUNDS

Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises and where the costs of providing goods or services to the general public are recovered primarily through user charges; or where the state has decided that determination of net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Individual enterprise funds are described below.

The *State Colleges and Universities Revenue Fund* constructs, maintains and operates college buildings for residence hall, student union or food service purposes.

The *State Lottery Fund* accounts for the operations of the state lottery. The net proceeds are transferred to the Environment and Natural Resources Trust Fund (40 percent), with the remainder transferred to the Cambridge Bank Fund.

The *College and University Enterprise Activities Fund* includes the auxiliary enterprises and student loan programs operated by the state universities, community and technical colleges.

The *Minnesota Correctional Industries Fund* facilitates prisoner rehabilitation by providing facilities and assistance for manufacturing and marketing goods to the general public.

The *Chemical Dependency Treatment Fund* accounts for the activity of state regional treatment centers for chemical dependency treatment services.

The *Public Employees Insurance Fund* provides life insurance and hospital, medical, and dental benefit coverage to public employees and other eligible persons.

The *Private Employers Insurance Fund* provides group health insurance coverage for small business employers.

The *Enterprise Activities Fund* includes various minor activities providing services to the general public or local governmental units.

STATE OF MINNESOTA

ENTERPRISE FUNDS COMBINING BALANCE SHEET JUNE 30, 1996 (IN THOUSANDS)

	STATE COLLEGES AND UNIVERSITIES REVENUE	STATE LOTTERY	COLLEGE AND UNIVERSITY ENTERPRISE ACTIVITIES	MINNESOTA CORRECTIONAL INDUSTRIES
ASSETS				
Cash and Cash Equivalents.....	\$ 710	\$ 24,828	\$ 20,393	\$ 2,002
Investments.....	23,617	-	-	-
Accounts Receivable.....	734	3,940	4,352	2,099
Interfund Receivables.....	-	-	415	-
Accrued Investment/Interest Income.....	607	184	83	-
Inventories.....	-	917	6,787	6,723
Deferred Costs.....	641	34	-	-
Restricted Assets:				
Cash and Cash Equivalents.....	-	-	-	-
Investments.....	20,542	708	-	-
Loans Receivable.....	-	-	33,656	-
Fixed Assets (Net).....	72,503	1,474	4,269	2,143
Other Assets.....	-	-	87	25
Total Assets.....	<u>\$ 119,354</u>	<u>\$ 32,085</u>	<u>\$ 70,042</u>	<u>\$ 12,992</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts Payable.....	\$ -	\$ 21,390	\$ 3,322	\$ 814
Loans Payable.....	-	-	-	-
Interfund Payables.....	-	9,049	-	-
Deferred Revenue.....	1,062	184	63	44
Payable from Restricted Assets:				
Accounts Payable.....	6,014	708	-	-
Revenue Bonds Payable.....	645	-	-	-
General Obligation Bonds Payable.....	805	-	-	-
General Obligation Bonds Interest Payable.....	37	-	-	-
Notes Payable.....	-	-	818	26
Revenue Bonds Payable.....	30,955	-	1,900	-
General Obligation Bonds Payable.....	805	-	-	-
Compensated Absences Payable.....	1,416	754	431	876
Advances from Other Funds.....	-	-	-	-
Arbitrage Payable.....	14	-	-	-
Other Liabilities.....	-	-	326	7
Total Liabilities.....	<u>\$ 41,753</u>	<u>\$ 32,085</u>	<u>\$ 6,860</u>	<u>\$ 1,767</u>
Fund Equity:				
Contributed Capital.....	\$ 2,618	\$ -	\$ -	\$ 6,271
Reserved Retained Earnings:				
Reserved for Debt Requirements.....	\$ 14,634	\$ -	\$ -	\$ -
Reserved per Law.....	-	-	-	-
Reserved for Claims.....	-	-	-	-
Total Reserved Retained Earnings.....	\$ 14,634	\$ -	\$ -	\$ -
Unreserved Retained Earnings.....	60,349	-	63,182	4,954
Total Retained Earnings.....	<u>\$ 74,983</u>	<u>\$ -</u>	<u>\$ 63,182</u>	<u>\$ 4,954</u>
Total Fund Equity.....	<u>\$ 77,601</u>	<u>\$ -</u>	<u>\$ 63,182</u>	<u>\$ 11,225</u>
Total Liabilities and Fund Equity.....	<u>\$ 119,354</u>	<u>\$ 32,085</u>	<u>\$ 70,042</u>	<u>\$ 12,992</u>

CHEMICAL DEPENDENCY TREATMENT	PUBLIC EMPLOYEES INSURANCE	PRIVATE EMPLOYERS INSURANCE	ENTERPRISE ACTIVITIES	TOTALS	
				JUNE 30, 1996	JUNE 30, 1995
\$ 2,366	\$ 5,999	\$ 1,352	\$ 2,774	\$ 60,424	\$ 48,110
-	-	-	-	23,617	18,436
2,589	230	113	445	14,502	11,525
-	46	-	83	544	239
-	-	-	-	874	900
-	-	-	565	14,992	11,973
-	-	-	2	677	737
-	-	-	-	-	526
-	-	-	-	21,250	22,190
-	-	-	-	33,656	33,717
178	23	3	592	81,185	79,925
-	-	-	-	112	7
<u>\$ 5,133</u>	<u>\$ 6,298</u>	<u>\$ 1,468</u>	<u>\$ 4,461</u>	<u>\$ 251,833</u>	<u>\$ 228,285</u>
\$ 311	\$ 44	\$ 129	\$ 1,188	\$ 27,198	\$ 19,480
-	-	-	-	-	71
-	18	46	-	9,113	5,718
-	-	-	218	1,571	1,902
-	-	-	-	6,722	4,211
-	-	-	-	645	615
-	-	-	-	805	805
-	-	-	-	37	56
-	-	-	-	844	19
-	-	-	-	32,855	33,542
-	-	-	-	805	1,610
694	10	1	173	4,355	4,023
-	-	2,075	-	2,075	2,075
-	-	-	-	14	17
-	-	-	-	333	70
<u>\$ 1,005</u>	<u>\$ 72</u>	<u>\$ 2,251</u>	<u>\$ 1,579</u>	<u>\$ 87,372</u>	<u>\$ 74,214</u>
<u>\$ 5,462</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,020</u>	<u>\$ 15,371</u>	<u>\$ 15,651</u>
\$ -	\$ -	\$ -	\$ -	\$ 14,634	\$ 15,366
-	-	-	-	-	44,615
-	-	-	-	-	5,809
\$ -	\$ -	\$ -	\$ -	\$ 14,634	\$ 65,790
(1,334)	6,226	(783)	1,862	134,456	72,630
<u>\$ (1,334)</u>	<u>\$ 6,226</u>	<u>\$ (783)</u>	<u>\$ 1,862</u>	<u>\$ 149,090</u>	<u>\$ 138,420</u>
\$ 4,128	\$ 6,226	\$ (783)	\$ 2,882	\$ 164,461	\$ 154,071
<u>\$ 5,133</u>	<u>\$ 6,298</u>	<u>\$ 1,468</u>	<u>\$ 4,461</u>	<u>\$ 251,833</u>	<u>\$ 228,285</u>

STATE OF MINNESOTA

ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
YEAR ENDED JUNE 30, 1996)
(IN THOUSANDS)

	STATE COLLEGES AND UNIVERSITIES REVENUE	STATE LOTTERY	COLLEGE AND UNIVERSITY ENTERPRISE ACTIVITIES	MINNESOTA CORRECTIONAL INDUSTRIES
Operating Revenues:				
Net Sales.....	\$ -	\$ 351,233	\$ 49,744	\$ 12,051
Interest Income.....	-	-	624	14
Rental and Service Fees.....	42,246	-	4,760	-
Insurance Premiums.....	-	-	-	-
Other Income.....	-	-	607	17
Total Operating Revenues.....	\$ 42,246	\$ 351,233	\$ 55,735	\$ 12,082
Less Cost of Goods Sold.....	-	261,091	31,195	13,822
Gross Margin.....	\$ 42,246	\$ 90,142	\$ 24,540	\$ (1,740)
Operating Expenses:				
Interest and Financing Costs.....	\$ -	\$ -	\$ -	\$ -
Purchased Services.....	15,922	16,844	5,843	82
Salaries and Fringe Benefits.....	15,142	8,717	8,076	3,223
Claims.....	-	-	-	-
Depreciation.....	4,610	868	582	452
Amortization.....	25	-	-	-
Supplies and Materials.....	3,427	1,269	6,176	133
Indirect Costs.....	-	-	-	265
Other Expenses.....	-	1,030	1,479	425
Total Operating Expenses.....	\$ 39,126	\$ 28,728	\$ 22,156	\$ 4,580
Operating Income (Loss).....	\$ 3,120	\$ 61,414	\$ 2,384	\$ (6,320)
Nonoperating Revenues (Expenses):				
Investment Income.....	\$ 2,798	\$ 1,604	\$ 842	\$ 141
Grants and Subsidies.....	-	-	147	-
Other Nonoperating Revenues.....	61	1,680	248	293
Interest and Financing Costs.....	(2,182)	(7)	(158)	-
Grants, Aids and Subsidies.....	-	-	(1,494)	-
Other Nonoperating Expenses.....	-	-	-	-
Gain (Loss) on Sale of Fixed Assets.....	-	-	13	(68)
Total Nonoperating Revenues (Expenses).....	\$ 677	\$ 3,277	\$ (402)	\$ 366
Income (Loss) Before Operating Transfers.....	\$ 3,797	\$ 64,691	\$ 1,982	\$ (5,954)
Operating Transfers-In.....	-	-	-	5,523
Operating Transfers-Out.....	-	(64,691)	-	-
Net Income (Loss).....	\$ 3,797	\$ -	\$ 1,982	\$ (431)
Depreciation on Fixed Assets Acquired with Contributed Capital.....	352	-	-	-
Increase (Decrease) in Retained Earnings.....	\$ 4,149	\$ -	\$ 1,982	\$ (431)
Retained Earnings, July 1, as Reported.....	\$ 70,834	\$ -	\$ 57,500	\$ 5,385
Changes in Reporting Entity.....	-	-	3,700	-
Retained Earnings, July 1, as Restated.....	\$ 70,834	\$ -	\$ 61,200	\$ 5,385
Retained Earnings, June 30.....	\$ 74,983	\$ -	\$ 63,182	\$ 4,954

CHEMICAL DEPENDENCY TREATMENT	PUBLIC EMPLOYEES INSURANCE	PRIVATE EMPLOYER INSURANCE	ENTERPRISE ACTIVITIES	TOTALS FOR THE YEAR ENDED	
				JUNE 30, 1996	JUNE 30, 1995
\$ -	\$ -	\$ -	\$ 3,003	\$ 416,031	\$ 364,706
-	-	-	-	638	896
11,742	-	-	990	59,738	54,521
-	9,910	7,162	-	17,072	12,805
-	-	46	-	670	531
\$ 11,742	\$ 9,910	\$ 7,208	\$ 3,993	\$ 494,149	\$ 433,459
-	-	-	1,122	307,230	262,010
\$ 11,742	\$ 9,910	\$ 7,208	\$ 2,871	\$ 186,919	\$ 171,449
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1
413	554	675	810	41,143	39,683
9,067	110	116	1,546	45,997	40,325
-	9,076	6,252	-	15,328	6,869
20	9	1	87	6,629	6,568
-	-	-	-	25	25
478	3	2	89	11,577	6,142
1,387	18	3	110	1,783	573
114	41	37	-	3,126	9,643
\$ 11,479	\$ 9,811	\$ 7,086	\$ 2,642	\$ 125,608	\$ 109,829
\$ 263	\$ 99	\$ 122	\$ 229	\$ 61,311	\$ 61,620
\$ 163	\$ 318	\$ 67	\$ -	\$ 5,933	\$ 5,715
-	-	-	-	147	273
-	-	-	-	2,282	380
-	-	-	-	(2,347)	(2,380)
-	-	-	-	(1,494)	(2,138)
-	-	-	-	-	(29)
-	-	-	-	(55)	(192)
\$ 163	\$ 318	\$ 67	\$ -	\$ 4,466	\$ 1,629
\$ 426	\$ 417	\$ 189	\$ 229	\$ 65,777	\$ 63,249
-	-	-	-	5,523	5,692
-	-	-	-	(64,691)	(64,778)
\$ 426	\$ 417	\$ 189	\$ 229	\$ 6,609	\$ 4,163
-	-	-	9	361	359
\$ 426	\$ 417	\$ 189	\$ 238	\$ 6,970	\$ 4,522
\$ (1,760)	\$ 5,809	\$ (972)	\$ 1,624	\$ 138,420	\$ 123,171
-	-	-	-	3,700	10,727
\$ (1,760)	\$ 5,809	\$ (972)	\$ 1,624	\$ 142,120	\$ 133,898
\$ (1,334)	\$ 6,226	\$ (783)	\$ 1,862	\$ 149,090	\$ 138,420

STATE OF MINNESOTA

ENTERPRISE FUNDS COMBINING STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 1996 (IN THOUSANDS)

	STATE COLLEGES AND UNIVERSITIES REVENUE	STATE LOTTERY	COLLEGE AND UNIVERSITY ENTERPRISE ACTIVITIES	MINNESOTA CORRECTIONAL INDUSTRIES
Cash Flows from Operating Activities:				
Operating Income (Loss).....	\$ 3,120	\$ 61,414	\$ 2,384	\$ (6,320)
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:				
Depreciation.....	\$ 4,610	\$ 868	\$ 582	\$ 452
Amortization.....	25	-	-	-
Interest and Financing Costs.....	47	-	-	-
Loan Principal Repayments.....	-	-	6,855	-
Loans Issued.....	-	-	(7,349)	-
Provision for Loan Defaults.....	-	-	524	-
Net Nonoperating Revenues (Expenses).....	-	1,680	(1)	293
Change in Assets and Liabilities:				
Accounts Receivable.....	(150)	(1,366)	(1,166)	316
Inventories.....	-	(390)	288	61
Other Assets.....	-	33	12	(17)
Accounts Payable.....	2,492	6,475	543	146
Compensated Absences Payable.....	296	-	91	-
Deferred Revenues.....	(166)	(180)	(73)	45
Other Liabilities.....	(5)	6	541	(235)
Net Reconciling Items to be Added (Deducted) from Operating Income.....	\$ 7,149	\$ 7,126	\$ 847	\$ 1,061
Net Cash Flows from Operating Activities.....	\$ 10,269	\$ 68,540	\$ 3,231	\$ (5,259)
Cash Flows from Noncapital Financing Activities:				
Grant Receipts.....	\$ 61	\$ -	\$ 394	\$ -
Grant Disbursements.....	-	-	(1,495)	-
Transfers-In.....	-	-	-	5,523
Transfers-Out.....	-	(60,285)	-	-
Advances from (to) Other Funds.....	-	-	-	-
Interest Paid.....	-	-	-	-
Net Cash Flows from Noncapital Financing Activities.....	\$ 61	\$ (60,285)	\$ (1,101)	\$ 5,523
Cash Flows from Capital and Related Financing Activities:				
Capital Contributions.....	\$ -	\$ -	\$ -	\$ 33
Investment in Fixed Assets.....	(7,058)	(653)	(497)	(217)
Proceeds from the Sale of Fixed Assets.....	30	4	293	2
Proceeds from Bond Sales.....	-	-	799	-
Repayment of Bond Principal.....	(1,420)	-	(42)	-
Interest Paid.....	(2,200)	(7)	(116)	-
Net Cash Flows from Capital and Related Financing Activities.....	\$ (10,648)	\$ (656)	\$ 437	\$ (182)
Cash Flows from Investing Activities:				
Proceeds from Sales and Maturities of Investments.....	\$ 49,247	\$ -	\$ (12)	\$ 141
Purchase of Investments.....	(53,499)	-	-	-
Investment Earnings.....	2,871	1,455	890	-
Net Cash Flows from Investing Activities.....	\$ (1,381)	\$ 1,455	\$ 878	\$ 141
Net Increase (Decrease) in Cash and Cash Equivalents.....	\$ (1,699)	\$ 9,054	\$ 3,445	\$ 223
Cash and Cash Equivalents, July 1 as Reported.....	\$ 2,409	\$ 15,774	\$ 15,970	\$ 1,779
Change in Reporting Entity.....	-	-	978	-
Cash and Cash Equivalents, July 1 as Restated.....	\$ 2,409	\$ 15,774	\$ 16,948	\$ 1,779
Cash and Cash Equivalents, June 30.....	\$ 710	\$ 24,828	\$ 20,393	\$ 2,002

CHEMICAL DEPENDENCY TREATMENT	PUBLIC EMPLOYEES INSURANCE	PRIVATE EMPLOYERS INSURANCE	ENTERPRISE ACTIVITIES	TOTALS FOR THE YEAR ENDED	
				JUNE 30, 1996	JUNE 30, 1995
\$ 263	\$ 99	\$ 122	\$ 229	\$ 61,311	\$ 61,620
\$ 20	\$ 9	\$ 1	\$ 87	\$ 6,629	\$ 6,568
-	-	-	-	25	25
-	-	-	-	47	-
-	-	-	-	6,855	6,694
-	-	-	-	(7,349)	(7,493)
-	-	-	-	524	366
-	-	-	-	1,972	290
324	(230)	(113)	(265)	(2,650)	(1,484)
-	-	-	(166)	(207)	(1,901)
-	-	-	2	30	(156)
(1,245)	(435)	89	603	8,668	(200)
-	(2)	-	21	406	-
-	-	-	35	(339)	312
(5)	-	(3)	2	301	1,186
\$ (906)	\$ (658)	\$ (26)	\$ 319	\$ 14,912	\$ 4,207
\$ (643)	\$ (559)	\$ 96	\$ 548	\$ 76,223	\$ 65,827
\$ -	\$ -	\$ -	\$ -	\$ 455	\$ 363
-	-	-	-	(1,495)	(2,138)
-	-	-	-	5,523	5,692
-	-	-	-	(60,285)	(64,777)
-	17	127	(50)	94	-
-	-	-	-	-	(2)
\$ -	\$ 17	\$ 127	\$ (50)	\$ (55,708)	\$ (60,862)
\$ -	\$ -	\$ -	\$ 16	\$ 49	\$ 438
(70)	(1)	-	(249)	(8,745)	(8,360)
-	-	-	13	342	(171)
-	-	-	-	799	-
-	-	-	-	(1,462)	(1,028)
-	-	-	-	(2,323)	(2,416)
\$ (70)	\$ (1)	\$ -	\$ (220)	\$ (11,340)	\$ (11,537)
\$ -	\$ -	\$ -	\$ -	\$ 49,376	\$ 53,455
-	-	-	-	(53,499)	(47,194)
157	318	67	-	5,758	5,517
\$ 157	\$ 318	\$ 67	\$ -	\$ 1,635	\$ 11,778
\$ (556)	\$ (225)	\$ 290	\$ 278	\$ 10,810	\$ 5,206
\$ 2,922	\$ 6,224	\$ 1,062	\$ 2,496	\$ 48,636	\$ 32,926
-	-	-	-	978	10,504
\$ 2,922	\$ 6,224	\$ 1,062	\$ 2,496	\$ 49,614	\$ 43,430
\$ 2,366	\$ 5,999	\$ 1,352	\$ 2,774	\$ 60,424	\$ 48,636

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INTERNAL SERVICE FUNDS

Internal Service Funds account for the financing of goods and services provided by one state agency to other state agencies on a cost-reimbursement basis. Descriptions of individual funds in this category are presented below.

The *Intertechnologies Fund* accounts for the operation of statewide communication and information systems.

The *Central Stores Fund* accounts for the operation of centralized supplies purchasing, storage and distribution.

The *State Printer Fund* accounts for the operation of print shops.

The *Central Motor Pool Fund* accounts for the operation of a fleet of passenger vehicles and the state vehicle maintenance garage.

The *Plant Management Fund* accounts for the cost of maintenance and operation of state owned buildings and grounds in the capitol complex.

The *Employee Insurance Fund* accounts for employee health and life insurance premiums and makes payments based on insurance benefits provided to employees.

The *Risk Management Fund* accounts for the providing of liability insurance, primarily automobile, to state agencies.

The *Central Services Fund* accounts for miscellaneous centralized support services provided to state agencies.

STATE OF MINNESOTA

INTERNAL SERVICE FUNDS COMBINING BALANCE SHEET JUNE 30, 1996 (IN THOUSANDS)

	INTER- TECHNOLOGIES	CENTRAL STORES	STATE PRINTER	CENTRAL MOTOR POOL
ASSETS				
Cash and Cash Equivalents.....	\$ 1,888	\$ 309	\$ 864	\$ 668
Accounts Receivable.....	12,575	737	844	1,392
Interfund Receivables.....	-	-	25	-
Inventories.....	-	773	199	25
Deferred Costs.....	650	-	-	-
Fixed Assets (Net).....	<u>26,956</u>	<u>26</u>	<u>612</u>	<u>12,513</u>
Total Assets.....	<u>\$ 42,069</u>	<u>\$ 1,845</u>	<u>\$ 2,544</u>	<u>\$ 14,598</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts Payable.....	\$ 1,977	\$ 601	\$ 350	\$ 318
Interfund Payables.....	1,999	-	-	893
Accrued Interest Payable.....	112	-	-	43
Deferred Revenue.....	-	-	-	-
Loans Payable.....	26,697	-	-	10,225
Compensated Absences Payable.....	1,401	62	193	56
Advances from Other Funds.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,295</u>
Total Liabilities.....	<u>\$ 32,186</u>	<u>\$ 663</u>	<u>\$ 543</u>	<u>\$ 12,830</u>
Fund Equity:				
Contributed Capital.....	<u>\$ 2,348</u>	<u>\$ 691</u>	<u>\$ 1,432</u>	<u>\$ 502</u>
Retained Earnings:				
Reserved for Claims.....	\$ -	\$ -	\$ -	\$ -
Unreserved.....	<u>7,535</u>	<u>491</u>	<u>569</u>	<u>1,266</u>
Total Retained Earnings.....	<u>\$ 7,535</u>	<u>\$ 491</u>	<u>\$ 569</u>	<u>\$ 1,266</u>
Total Fund Equity.....	<u>\$ 9,883</u>	<u>\$ 1,182</u>	<u>\$ 2,001</u>	<u>\$ 1,768</u>
Total Liabilities and Fund Equity.....	<u>\$ 42,069</u>	<u>\$ 1,845</u>	<u>\$ 2,544</u>	<u>\$ 14,598</u>

PLANT MANAGEMENT	EMPLOYEE INSURANCE	RISK MANAGEMENT	CENTRAL SERVICES	TOTALS	
				JUNE 30, 1996	JUNE 30, 1995
\$ 2,847	\$ 78,388	\$ 6,034	\$ 503	\$ 91,501	\$ 88,543
3,610	15,968	128	965	36,219	25,378
-	18	-	-	43	-
193	-	-	26	1,216	1,206
-	-	84	-	734	1,379
<u>1,610</u>	<u>259</u>	<u>11</u>	<u>148</u>	<u>42,135</u>	<u>39,007</u>
<u>\$ 8,260</u>	<u>\$ 94,633</u>	<u>\$ 6,257</u>	<u>\$ 1,642</u>	<u>\$ 171,848</u>	<u>\$ 155,513</u>
\$ 1,190	\$ 28,252	\$ 5,594	\$ 353	\$ 38,635	\$ 28,134
-	-	-	110	3,002	1,698
2	-	-	-	157	148
-	-	89	44	133	208
510	-	-	8	37,440	34,386
786	126	32	286	2,942	2,624
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,295</u>	<u>600</u>
<u>\$ 2,488</u>	<u>\$ 28,378</u>	<u>\$ 5,715</u>	<u>\$ 801</u>	<u>\$ 83,604</u>	<u>\$ 67,798</u>
\$ 653	\$ -	\$ -	\$ 427	\$ 6,053	\$ 6,038
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,510
<u>5,119</u>	<u>66,255</u>	<u>542</u>	<u>414</u>	<u>82,191</u>	<u>16,167</u>
<u>\$ 5,119</u>	<u>\$ 66,255</u>	<u>\$ 542</u>	<u>\$ 414</u>	<u>\$ 82,191</u>	<u>\$ 81,677</u>
<u>\$ 5,772</u>	<u>\$ 66,255</u>	<u>\$ 542</u>	<u>\$ 841</u>	<u>\$ 88,244</u>	<u>\$ 87,715</u>
<u>\$ 8,260</u>	<u>\$ 94,633</u>	<u>\$ 6,257</u>	<u>\$ 1,642</u>	<u>\$ 171,848</u>	<u>\$ 155,513</u>

STATE OF MINNESOTA

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS YEAR ENDED JUNE 30, 1996 (IN THOUSANDS)

	INTER- TECHNOLOGIES	CENTRAL STORES	STATE PRINTER	CENTRAL MOTOR POOL
Operating Revenues:				
Net Sales.....	\$ -	\$ 7,025	\$ 5,226	\$ -
Rental and Service Fees.....	59,274	-	-	6,603
Insurance Premiums.....	-	-	-	-
Other Income.....	419	-	-	94
Total Operating Revenues.....	\$ 59,693	\$ 7,025	\$ 5,226	\$ 6,697
Less Cost of Goods Sold.....	-	5,778	4,341	-
Gross Margin.....	\$ 59,693	\$ 1,247	\$ 885	\$ 6,697
Operating Expenses:				
Purchased Services.....	\$ 35,831	\$ 349	\$ 247	\$ 1,000
Salaries and Fringe Benefits.....	11,540	507	562	728
Claims.....	-	-	-	-
Depreciation.....	11,196	22	27	3,405
Amortization.....	153	-	-	-
Supplies and Materials.....	1,134	32	42	1,291
Indirect Costs.....	665	196	143	168
Other Expenses.....	-	-	-	-
Total Operating Expenses.....	\$ 60,519	\$ 1,106	\$ 1,021	\$ 6,592
Operating Income (Loss).....	\$ (826)	\$ 141	\$ (136)	\$ 105
Nonoperating Revenues (Expenses):				
Investment Income.....	\$ 931	\$ -	\$ -	\$ 512
Interest and Financing Costs.....	(1,364)	-	-	(579)
Gain (Loss) on Sale of Fixed Assets.....	(3)	-	3	277
Net Nonoperating Revenues (Expenses).....	\$ (436)	\$ -	\$ 3	\$ 210
Income (Loss) Before Operating Transfers.....	\$ (1,262)	\$ 141	\$ (133)	\$ 315
Operating Transfers-Out.....	-	-	-	-
Net Income (Loss).....	\$ (1,262)	\$ 141	\$ (133)	\$ 315
Depreciation on Fixed Assets Acquired with Contributed Capital.....	-	-	-	-
Increase (Decrease) in Retained Earnings.....	\$ (1,262)	\$ 141	\$ (133)	\$ 315
Retained Earnings, July 1, as Reported.....	\$ 8,797	\$ 350	\$ 702	\$ 951
Changes in Reporting Entity.....	-	-	-	-
Prior Period Adjustments.....	-	-	-	-
Retained Earnings, July 1, as Restated.....	\$ 8,797	\$ 350	\$ 702	\$ 951
Residual Equity Transfers Out.....	\$ -	\$ -	\$ -	\$ -
Retained Earnings, June 30.....	\$ 7,535	\$ 491	\$ 569	\$ 1,266

PLANT MANAGEMENT	EMPLOYEE INSURANCE	RISK MANAGEMENT	CENTRAL SERVICES	TOTALS FOR THE YEAR ENDED	
				JUNE 30, 1996	JUNE 30, 1995
\$ 705	\$ -	\$ -	\$ 4,933	\$ 17,889	\$ 18,129
25,476	-	-	-	91,353	87,239
-	225,415	5,653	-	231,068	207,081
735	2,329	48	-	3,625	1,690
\$ 26,916	\$ 227,744	\$ 5,701	\$ 4,933	\$ 343,935	\$ 314,139
-	-	-	49	10,168	10,662
\$ 26,916	\$ 227,744	\$ 5,701	\$ 4,884	\$ 333,767	\$ 303,477
\$ 6,859	\$ 126,296	\$ 2,084	\$ 1,603	\$ 174,269	\$ 146,555
7,799	1,712	275	3,069	26,192	24,125
-	102,138	2,207	-	104,345	111,689
133	38	4	51	14,876	11,466
41	-	-	-	194	169
1,025	71	14	83	3,692	3,736
502	161	24	114	1,973	1,540
2	820	-	25	847	383
\$ 16,361	\$ 231,236	\$ 4,608	\$ 4,945	\$ 326,388	\$ 299,663
\$ 10,555	\$ (3,492)	\$ 1,093	\$ (61)	\$ 7,379	\$ 3,814
\$ 22	\$ 4,238	\$ 204	\$ -	\$ 5,907	\$ 5,690
(23)	(1)	-	(1)	(1,968)	(1,699)
13	-	-	-	290	301
\$ 12	\$ 4,237	\$ 204	\$ (1)	\$ 4,229	\$ 4,292
\$ 10,567	\$ 745	\$ 1,297	\$ (62)	\$ 11,608	\$ 8,106
(9,679)	-	-	-	(9,679)	(8,805)
\$ 888	\$ 745	\$ 1,297	\$ (62)	\$ 1,929	\$ (699)
-	-	-	-	-	1
\$ 888	\$ 745	\$ 1,297	\$ (62)	\$ 1,929	\$ (698)
\$ 4,231	\$ 65,510	\$ 660	\$ 476	\$ 81,677	\$ 93,357
-	-	-	-	-	(10,727)
-	-	(1,415)	-	(1,415)	-
\$ 4,231	\$ 65,510	\$ (755)	\$ 476	\$ 80,262	\$ 82,630
\$ -	\$ -	\$ -	\$ -	\$ -	\$ (255)
\$ 5,119	\$ 66,255	\$ 542	\$ 414	\$ 82,191	\$ 81,677

STATE OF MINNESOTA

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 1996 (IN THOUSANDS)

	INTER- TECHNOLOGIES	CENTRAL STORES	STATE PRINTER	CENTRAL MOTOR POOL
Cash Flows from Operating Activities:				
Operating Income (Loss).....	\$ (826)	\$ 141	\$ (136)	\$ 105
Adjustments to Reconcile Operating Income to				
Net Cash Flows from Operating Activities:				
Depreciation.....	\$ 11,196	\$ 22	\$ 133	\$ 3,405
Amortization.....	153	-	-	-
Change in Assets and Liabilities:				
Accounts Receivable.....	(3,483)	184	36	(229)
Inventories.....	-	(117)	86	5
Other Assets.....	507	-	-	-
Accounts Payable.....	(1,557)	(123)	(142)	91
Compensated Absences Payable.....	151	(7)	14	12
Deferred Revenues.....	-	-	-	-
Other Liabilities.....	-	-	-	-
Net Reconciling Items to be Added (Deducted)				
from Operating Income.....	\$ 6,967	\$ (41)	\$ 127	\$ 3,284
Net Cash Flows from Operating Activities.....	\$ 6,141	\$ 100	\$ (9)	\$ 3,389
Cash Flows from Noncapital Financing Activities:				
Transfers-Out.....	\$ -	\$ -	\$ -	\$ (33)
Residual Equity Transfers-Out.....	-	-	-	-
Advances from (to) Other Funds.....	1,999	-	(25)	5,341
Repayments of Advances from Other Funds.....	-	-	-	(4,653)
Interest Paid.....	-	-	-	-
Net Cash Flows from Noncapital Financing Activities.....	\$ 1,999	\$ -	\$ (25)	\$ 655
Cash Flows from Capital and Related Financing Activities:				
Investment in Fixed Assets.....	\$ (11,706)	\$ (7)	\$ (417)	\$ (4,073)
Proceeds from the Sale of Fixed Assets.....	-	-	2	963
Capital Lease Payments.....	-	-	-	-
Proceeds from Loans.....	10,693	-	-	4,053
Repayment of Loan Principal.....	(9,375)	-	-	(4,759)
Repayment of Installment Contracts.....	-	-	-	-
Repayment of Bond Principal.....	-	-	-	-
Interest Paid.....	(1,351)	-	-	(579)
Net Cash Flows from Capital and Related Financing Activities.....	\$ (11,739)	\$ (7)	\$ (415)	\$ (4,395)
Cash Flows from Investing Activities:				
Investment Earnings.....	\$ 930	\$ -	\$ -	\$ 512
Net Cash Flows from Investing Activities.....	\$ 930	\$ -	\$ -	\$ 512
Net Increase (Decrease) in Cash and Cash Equivalents.....	\$ (2,669)	\$ 93	\$ (449)	\$ 161
Cash and Cash Equivalents, July 1, as Reported.....	\$ 4,557	\$ 216	\$ 1,313	\$ 507
Changes in Reporting Entity.....	-	-	-	-
Prior Year Adjustments.....	-	-	-	-
Cash and Cash Equivalents, July 1, as Restated.....	\$ 4,557	\$ 216	\$ 1,313	\$ 507
Cash and Cash Equivalents, June 30.....	\$ 1,888	\$ 309	\$ 864	\$ 668

<u>PLANT MANAGEMENT</u>	<u>EMPLOYEE INSURANCE</u>	<u>RISK MANAGEMENT</u>	<u>CENTRAL SERVICES</u>	<u>TOTALS FOR THE YEAR END</u>	
				<u>JUNE 30, 1996</u>	<u>JUNE 30, 1995</u>
\$ 10,555	\$ (3,492)	\$ 1,093	\$ (61)	\$ 7,379	\$ 3,814
\$ 133	\$ 38	\$ 4	\$ 51	\$ 14,982	\$ 11,531
41	-	-	-	194	169
215	(7,302)	(96)	(167)	(10,842)	(3,845)
12	-	-	3	(11)	(59)
-	-	139	-	646	345
(509)	9,844	2,198	96	9,898	(4,329)
74	42	7	25	318	143
-	-	(75)	-	(75)	(8)
-	-	-	-	-	125
\$ (34)	\$ 2,622	\$ 2,177	\$ 8	\$ 15,110	\$ 4,072
\$ 10,521	\$ (870)	\$ 3,270	\$ (53)	\$ 22,489	\$ 7,886
\$ (9,679)	\$ -	\$ -	\$ -	\$ (9,712)	\$ (8,132)
-	-	-	-	-	(255)
-	(144)	-	125	7,296	3,600
-	-	-	-	(4,653)	(4,232)
-	(1)	-	-	(1)	(10)
\$ (9,679)	\$ (145)	\$ -	\$ 125	\$ (7,070)	\$ (9,029)
\$ (292)	\$ (161)	\$ -	\$ (31)	\$ (16,687)	\$ (18,883)
7	-	-	-	972	1,344
(22)	-	-	-	(22)	(17)
243	-	-	-	14,989	16,628
(114)	-	-	-	(14,248)	(13,626)
-	-	-	-	-	(12)
-	-	-	(15)	(15)	(27)
-	-	-	(1)	(1,931)	(1,655)
\$ (178)	\$ (161)	\$ -	\$ (47)	\$ (16,942)	\$ (16,248)
\$ 22	\$ 4,238	\$ 204	\$ -	\$ 5,906	\$ 5,688
\$ 22	\$ 4,238	\$ 204	\$ -	\$ 5,906	\$ 5,688
\$ 686	\$ 3,062	\$ 3,474	\$ 25	\$ 4,383	\$ (11,703)
\$ 2,161	\$ 75,326	\$ 3,975	\$ 478	\$ 88,533	\$ 110,750
-	-	-	-	-	(10,504)
-	-	(1,415)	-	(1,415)	-
\$ 2,161	\$ 75,326	\$ 2,560	\$ 478	\$ 87,118	\$ 100,246
\$ 2,847	\$ 78,388	\$ 6,034	\$ 503	\$ 91,501	\$ 88,543

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FIDUCIARY FUNDS

Fiduciary funds account for assets held by the state in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. Below are descriptions of the generic fund types within this category and specific funds within each fund type.

PENSION TRUST FUNDS are funds administered by independent boards for which the state performs a fiduciary role. These funds are categorized by function into three types.

Defined Benefit Pension Funds include those retirement funds for which the participant's retirement annuity is based on a statutory formula utilizing such factors as age, average salary, length of service and others. Individual funds in this category include those described below.

The *Public Employees Retirement Fund* includes resources accumulated to pay present and future retirement annuities to eligible employees of various local units of government.

The *Police and Fire Fund* includes resources accumulated to pay present and future retirement annuities to eligible police officers and firefighters.

The *Police and Fire Consolidation Fund* includes resources accumulated to pay present and future retirement annuities to police officers and firefighters belonging to local relief associations, that merged with the Public Employees Retirement Association.

The *Teachers Retirement Fund* includes resources accumulated to pay present and future retirement annuities for members of both the basic and coordinated teachers retirement plans.

The *State Employees Retirement Fund* includes resources accumulated to pay present and future retirement annuities to state and University of Minnesota employees not covered by other pension funds.

The *State Patrol Retirement Fund* includes resources accumulated to pay present and future retirement annuities to eligible state patrol officers, conservation officers and crime bureau personnel.

The *Correctional Employees Retirement Fund* includes resources accumulated to pay present and future retirement annuities to state employees who have direct responsibility for inmates at Minnesota correctional facilities.

The *Judicial Retirement Fund* includes resources accumulated to pay present and future retirement annuities to eligible district, municipal, county and probate court judges, supreme court justices and various court referees.

The *Elective State Officers Fund* includes resources accumulated to pay present and future retirement annuities for the state's constitutional officers.

The *Legislative Retirement Fund* includes resources accumulated to pay present and future retirement annuities for members of the state legislature.

Defined Contribution Funds include those retirement funds for which the amount of the participant's retirement annuity is primarily determined by the employer/employee contributions. Other factors such as age and length of service may provide minimum eligibility qualifications. Individual funds in this category are described below.

The *Unclassified Employees Retirement Fund* includes the aggregate of unclassified employee share accounts which are either refunded or used to purchase a retirement annuity upon termination of service.

The *State College and University Retirement Fund* includes the aggregate of share accounts derived from contributions received from eligible state university and community college with matching state contributions, administered by the State College and University System.

Investment Trust Funds are investment funds which serve as investment vehicles for the participating funds. They are administered by the State Board of Investment in accordance with the applicable statutes defining the participating funds, the types of investments which may be purchased and the distribution of earnings or losses.

The *Minnesota Supplemental Investment Fund* provides an investment vehicle for the Defined Contribution Funds and for some locally administered pension plans.

The *Minnesota Post-Retirement Investment Fund* serves as an investment vehicle for the Defined Benefit Funds and as such invests their reserves to produce income for the payment of retirement benefits.

NONEXPENDABLE TRUST FUNDS are funds whose principal may not be expended.

The *Permanent School Fund* is a constitutionally established trust fund which receives revenue from investments and the sale of state land and timber. The investment earnings are transferred to the Endowment School Fund for distribution to school districts.

The *Environment and Natural Resources Nonexpendable Trust Fund* receives 40 percent of the net lottery proceeds of the State Lottery Fund. The state constitutional amendment establishing the fund permits a portion of these proceeds, until fiscal year 1997, to be used for the purpose of managing the state's environmental and natural resources; after that only the investment earnings of the fund are available for these purposes. Available proceeds and earnings are transferred to the Environment and Natural Resources Expendable Trust Fund.

EXPENDABLE TRUST FUNDS are funds whose resources, including principal and interest, may be expended. Descriptions of individual funds in this category follow.

The *Municipal State-Aid Street Fund* receives 8.95 percent of the revenue received by the Highway User Tax Distribution Fund primarily for distribution to municipalities for improvement of streets.

The *County State-Aid Highway Fund* receives 30.75 percent of the revenue received by the Highway User Tax Distribution Fund primarily for distribution to counties for improvement of county roads.

The *Endowment School Fund* receives revenue from the investments of the Permanent School Fund and distributes it to school districts.

The *Endowment Fund* receives gifts, donations and endowments which may be expended only for those purposes specified by the donors.

The *Environment and Natural Resources Expendable Trust Fund* receives the investment earnings and a portion of the net lottery proceeds deposited in the Environment and Natural Resources Nonexpendable Trust Fund in accordance with a plan approved by the Minnesota Future Resource Commission.

The *Northeast Minnesota Economic Protection Fund* receives distribution from taconite production taxes to be held in trust or expended only in economic emergency for the purposes of rehabilitation and diversification of industry in the area largely dependent on the taconite mining industry.

The *Reemployment Insurance Fund* receives unemployment taxes collected from employers and pays unemployment benefits to eligible individuals.

AGENCY FUNDS are funds which hold monies in an agency capacity for various governmental units, individuals or funds. Individual fund description follow.

The *Deferred Compensation Fund* includes the aggregate of voluntary employee payroll deductions which defer income and are repaid in accordance with income tax code restrictions.

The *Disbursement Clearing Fund* is a clearing fund used to account for state warrants issued and redeemed.

The *Miscellaneous Agency Fund* includes the amounts held in trust by the state for other governmental units, individuals or funds.

STATE OF MINNESOTA

FIDUCIARY FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1996
(IN THOUSANDS)

	PENSION	NON- EXPENDABLE	EXPENDABLE		LESS	TOTALS	
	TRUST	TRUST	TRUST	AGENCY	ELIMINATIONS	JUNE 30, 1996	JUNE 30, 1995
ASSETS							
Cash and Cash Equivalents.....	\$ 516,501	\$ 33,150	\$ 933,786	\$ 183,893	\$ -	\$ 1,667,330	\$ 1,825,996
Investments.....	24,319,856	545,484	2,404	991,024	-	25,858,768	21,938,072
Accounts Receivable.....	49,386	6,759	14,379	22,400	-	92,924	86,567
Interfund Receivables.....	44,788	2,770	46,207	5,143	-	98,908	64,062
Accrued Investment/Interest Income.....	3,572	5,054	60	23	-	8,709	10,061
Federal Aid Receivable.....	-	-	175	-	-	175	188
Inventories.....	-	-	2,197	-	-	2,197	2,197
Deferred Costs.....	-	-	-	-	-	-	9
Loans and Notes Receivable.....	-	-	12,571	-	-	12,571	9,405
Equity in Investment Trust Funds.....	-	-	-	346,735	346,735	-	-
Fixed Assets (Net).....	1,117	15,411	-	-	-	16,528	16,502
Other Assets.....	13	-	-	-	-	13	401
Total Assets.....	\$ 24,935,233	\$ 608,628	\$ 1,011,779	\$ 1,549,218	\$ 346,735	\$ 27,758,123	\$ 23,953,460
LIABILITIES AND FUND BALANCES							
Liabilities:							
Warrants Payable.....	\$ -	\$ -	\$ -	\$ 145,161	\$ -	\$ 145,161	\$ 175,913
Accounts Payable.....	13,216	-	26,470	20,889	-	60,575	43,741
Interfund Payables.....	37,574	21,555	4,477	586	-	64,192	59,315
Payable to Other Governmental Units.....	-	-	-	-	-	-	6,676
Deferred Revenue.....	10	-	2,620	-	-	2,630	2,775
Compensated Absences Payable.....	939	-	314	-	-	1,253	1,217
Other Liabilities.....	-	-	2	-	-	2	449
Funds Held in Trust.....	-	-	350	1,382,582	346,735	1,036,197	877,002
Total Liabilities.....	\$ 51,739	\$ 21,555	\$ 34,233	\$ 1,549,218	\$ 346,735	\$ 1,310,010	\$ 1,167,088
Fund Balances:							
Reserved Fund Balances:							
Reserved for Encumbrances.....	\$ -	\$ -	\$ 5,355	\$ -	\$ -	\$ 5,355	\$ 5,765
Reserved for Inventory.....	-	-	2,197	-	-	2,197	2,197
Reserved for Long-Term Receivables.....	-	-	12,072	-	-	12,072	8,874
Reserved for Local Governments.....	-	-	391,398	-	-	391,398	454,344
Reserved for Trust Principal.....	-	587,073	-	-	-	587,073	515,977
Reserved for Pension Benefits.....	24,883,494	-	-	-	-	24,883,494	21,313,233
Total Reserved Fund Balances.....	\$ 24,883,494	\$ 587,073	\$ 411,022	\$ -	\$ -	\$ 25,881,589	\$ 22,300,390
Unreserved Fund Balances:							
Designated for Fund Purposes.....	-	-	566,524	-	-	566,524	485,982
Total Fund Balances.....	\$ 24,883,494	\$ 587,073	\$ 977,546	\$ -	\$ -	\$ 26,448,113	\$ 22,786,372
Total Liabilities and Fund Balances..	\$ 24,935,233	\$ 608,628	\$ 1,011,779	\$ 1,549,218	\$ 346,735	\$ 27,758,123	\$ 23,953,460

STATE OF MINNESOTA

PENSION TRUST FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1996
(IN THOUSANDS)

	TOTALS					
	DEFINED BENEFIT	DEFINED CONTRIBUTION	INVESTMENT TRUST	LESS ELIMINATIONS	JUNE 30, 1996	JUNE 30, 1995
ASSETS						
Cash and Cash Equivalents.....	\$ 150,099	\$ 2,743	\$ 363,659	\$ -	\$ 516,501	\$ 610,255
Investments.....	11,908,549	93,392	12,317,915	-	24,319,856	20,652,969
Accounts Receivable.....	49,027	359	-	-	49,386	49,957
Interfund Receivables.....	8,118	-	36,670	-	44,788	39,563
Accrued Investment Income.....	333	-	3,239	-	3,572	4,117
Prepaid Expenses.....	-	-	-	-	-	9
Equity in Investment Trust Funds.....	9,846,596	345,726	-	10,192,322	-	-
Fixed Assets (Net).....	1,117	-	-	-	1,117	1,078
Other Assets.....	13	-	-	-	13	8
Total Assets.....	<u>\$ 21,963,852</u>	<u>\$ 442,220</u>	<u>\$ 12,721,483</u>	<u>\$ 10,192,322</u>	<u>\$ 24,935,233</u>	<u>\$ 21,357,956</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable.....	\$ 6,832	\$ 475	\$ 5,909	\$ -	\$ 13,216	\$ 10,921
Interfund Payables.....	37,442	132	-	-	37,574	32,807
Deferred Revenue.....	10	-	-	-	10	26
Compensated Absences Payable.....	939	-	-	-	939	969
Total Liabilities.....	<u>\$ 45,223</u>	<u>\$ 607</u>	<u>\$ 5,909</u>	<u>\$ -</u>	<u>\$ 51,739</u>	<u>\$ 44,723</u>
Fund Balances:						
Reserved for Pension Benefits.....	<u>\$ 21,918,629</u>	<u>\$ 441,613</u>	<u>\$ 12,715,574</u>	<u>\$ 10,192,322</u>	<u>\$ 24,883,494</u>	<u>\$ 21,313,233</u>
Total Fund Balances.....	<u>\$ 21,918,629</u>	<u>\$ 441,613</u>	<u>\$ 12,715,574</u>	<u>\$ 10,192,322</u>	<u>\$ 24,883,494</u>	<u>\$ 21,313,233</u>
Total Liabilities and Fund Balances.....	<u>\$ 21,963,852</u>	<u>\$ 442,220</u>	<u>\$ 12,721,483</u>	<u>\$ 10,192,322</u>	<u>\$ 24,935,233</u>	<u>\$ 21,357,956</u>

STATE OF MINNESOTA

PENSION TRUST FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES YEAR ENDED JUNE 30, 1996 (IN THOUSANDS)

	DEFINED BENEFIT	DEFINED CONTRIBUTION	INVESTMENT TRUST	LESS ELIMINATIONS	TOTALS FOR THE YEAR ENDED	
					JUNE 30, 1996	JUNE 30, 1995
Operating Revenues:						
Contributions.....	\$ 819,653	\$ 29,135	\$ -	\$ -	\$ 848,788	\$ 818,262
Investment Income.....	1,846,741	23,323	1,464,822	-	3,334,886	1,487,274
Distributed Investment Trust Fund Income.....	988,535	-	-	988,535	-	-
Realized/Unrealized Gain on Investment						
Trust Fund Equity.....	-	39,590	-	39,590	-	-
Net Realized Gains (Losses).....	-	-	147,705	-	147,705	(44,804)
Increase (Decrease) in Unrealized Appreciation.....	-	-	266,962	-	266,962	946,224
Other Income.....	2,127	1,199	-	-	3,326	4,383
Total Operating Revenues.....	\$ 3,657,056	\$ 93,247	\$ 1,879,489	\$ 1,028,125	\$ 4,601,667	\$ 3,211,339
Operating Expenses:						
Annuity Payments.....	\$ 934,052	\$ -	\$ -	\$ -	\$ 934,052	\$ 852,503
Refunded Contributions.....	31,226	16,749	-	-	47,975	38,594
Interest and Financing Costs.....	2,435	-	-	-	2,435	3,674
Purchased Services.....	3,902	1,290	-	-	5,192	4,927
Investment Management Fees.....	18,149	-	18,427	-	36,576	31,935
Salaries and Fringe Benefits.....	6,308	74	-	-	6,382	6,209
Depreciation.....	247	-	-	-	247	243
Supplies and Materials.....	289	11	-	-	300	278
Indirect Costs.....	223	3	-	-	226	135
Other Expenses.....	1,116	-	-	-	1,116	564
Total Operating Expenses.....	\$ 997,947	\$ 18,127	\$ 18,427	\$ -	\$ 1,034,501	\$ 939,062
Operating Income (Loss).....	\$ 2,659,109	\$ 75,120	\$ 1,861,062	\$ 1,028,125	\$ 3,567,166	\$ 2,272,277
Nonoperating Revenues (Expenses):						
Participant Contributions.....	\$ -	\$ -	\$ 855,400	\$ 837,563	\$ 17,837	\$ 22,789
Local Association Mergers.....	7,929	-	-	-	7,929	419
Participant Withdrawals.....	-	-	(925,693)	(903,022)	(22,671)	(11,794)
Net Nonoperating Revenues (Expenses).....	\$ 7,929	\$ -	\$ (70,293)	\$ (65,459)	\$ 3,095	\$ 11,414
Income (Loss) Before Operating Transfers.....	\$ 2,667,038	\$ 75,120	\$ 1,790,769	\$ 962,666	\$ 3,570,261	\$ 2,283,691
Operating Transfers-In.....	616	-	-	-	616	929
Operating Transfers-Out.....	(7)	(609)	-	-	(616)	(3,367)
Net Income (Loss).....	\$ 2,667,647	\$ 74,511	\$ 1,790,769	\$ 962,666	\$ 3,570,261	\$ 2,281,253
Fund Balances, July 1 as Reported.....	\$ 19,250,982	\$ 367,102	\$ 10,924,805	\$ 9,229,656	\$ 21,313,233	\$ 19,035,960
Prior Period Adjustment.....	-	-	-	-	-	(3,980)
Fund Balances, July 1 as Restated.....	\$ 19,250,982	\$ 367,102	\$ 10,924,805	\$ 9,229,656	\$ 21,313,233	\$ 19,031,980
Fund Balances, June 30.....	\$ 21,918,629	\$ 441,613	\$ 12,715,574	\$ 10,192,322	\$ 24,883,494	\$ 21,313,233

STATE OF MINNESOTA

DEFINED BENEFIT PENSION FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1996
(IN THOUSANDS)

	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION			TEACHERS RETIREMENT ASSOCIATION
	PUBLIC EMPLOYEES RETIREMENT	POLICE AND FIRE	POLICE AND FIRE CONSOLIDATION	TEACHERS RETIREMENT
ASSETS				
Cash and Cash Equivalents.....	\$ 30,926	\$ 15,102	\$ 2,375	\$ 47,273
Investments.....	2,529,800	1,187,892	365,824	5,093,185
Accounts Receivable.....	357	138	214	40,480
Interfund Receivables.....	532	7	17	-
Accrued Investment Income.....	-	-	-	213
Prepaid Expenses.....	-	-	-	-
Equity in Investment Trust Funds.....	3,152,737	391,369	381,589	4,225,514
Fixed Assets (Net).....	538	-	-	407
Other Assets.....	13	-	-	-
Total Assets.....	<u>\$ 5,714,903</u>	<u>\$ 1,594,508</u>	<u>\$ 750,019</u>	<u>\$ 9,407,072</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable.....	\$ 1,593	\$ 434	\$ 143	\$ 3,546
Interfund Payables.....	10,701	1,403	3,205	17,493
Deferred Revenue.....	-	-	-	-
Compensated Absences Payable.....	362	-	-	287
Total Liabilities.....	<u>\$ 12,656</u>	<u>\$ 1,837</u>	<u>\$ 3,348</u>	<u>\$ 21,326</u>
Fund Balances:				
Reserved for Pension Benefits.....	<u>\$ 5,702,247</u>	<u>\$ 1,592,671</u>	<u>\$ 746,671</u>	<u>\$ 9,385,746</u>
Total Fund Balances.....	<u>\$ 5,702,247</u>	<u>\$ 1,592,671</u>	<u>\$ 746,671</u>	<u>\$ 9,385,746</u>
Total Liabilities and Fund Balances.....	<u>\$ 5,714,903</u>	<u>\$ 1,594,508</u>	<u>\$ 750,019</u>	<u>\$ 9,407,072</u>

MINNESOTA STATE RETIREMENT SYSTEM						TOTALS	
STATE EMPLOYEES RETIREMENT	STATE PATROL RETIREMENT	CORRECTIONAL EMPLOYEES RETIREMENT	JUDICIAL RETIREMENT	ELECTIVE STATE OFFICERS	LEGISLATIVE RETIREMENT	JUNE 30, 1996	JUNE 30, 1995
\$ 43,565	\$ 4,192	\$ 4,167	\$ 2,499	\$ -	\$ -	\$ 150,099	\$ 160,885
2,414,473	172,151	130,663	14,561	-	-	11,908,549	10,141,354
6,811	461	430	133	3	-	49,027	49,631
884	-	-	-	413	6,265	8,118	9,046
106	7	6	1	-	-	333	432
-	-	-	-	-	-	-	9
1,433,177	142,325	54,942	48,462	-	16,481	9,846,596	8,927,157
172	-	-	-	-	-	1,117	1,078
-	-	-	-	-	-	13	8
<u>\$ 3,899,188</u>	<u>\$ 319,136</u>	<u>\$ 190,208</u>	<u>\$ 65,656</u>	<u>\$ 416</u>	<u>\$ 22,746</u>	<u>\$ 21,963,852</u>	<u>\$ 19,289,600</u>
\$ 991	\$ 62	\$ 51	\$ 7	\$ 2	\$ 3	\$ 6,832	\$ 6,479
1,867	739	697	1,125	1	211	37,442	31,144
-	-	-	10	-	-	10	26
290	-	-	-	-	-	939	969
<u>\$ 3,148</u>	<u>\$ 801</u>	<u>\$ 748</u>	<u>\$ 1,142</u>	<u>\$ 3</u>	<u>\$ 214</u>	<u>\$ 45,223</u>	<u>\$ 38,618</u>
<u>\$ 3,896,040</u>	<u>\$ 318,335</u>	<u>\$ 189,460</u>	<u>\$ 64,514</u>	<u>\$ 413</u>	<u>\$ 22,532</u>	<u>\$ 21,918,629</u>	<u>\$ 19,250,982</u>
<u>\$ 3,896,040</u>	<u>\$ 318,335</u>	<u>\$ 189,460</u>	<u>\$ 64,514</u>	<u>\$ 413</u>	<u>\$ 22,532</u>	<u>\$ 21,918,629</u>	<u>\$ 19,250,982</u>
<u>\$ 3,899,188</u>	<u>\$ 319,136</u>	<u>\$ 190,208</u>	<u>\$ 65,656</u>	<u>\$ 416</u>	<u>\$ 22,746</u>	<u>\$ 21,963,852</u>	<u>\$ 19,289,600</u>

STATE OF MINNESOTA

DEFINED BENEFIT PENSION FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES YEAR ENDED JUNE 30, 1996 (IN THOUSANDS)

	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION			TEACHERS RETIREMENT ASSOCIATION
	PUBLIC EMPLOYEES RETIREMENT	POLICE AND FIRE	POLICE AND FIRE CONSOLIDATION	TEACHERS RETIREMENT
Operating Revenues:				
Employer Contributions.....	\$ 129,738	\$ 36,065	\$ 15,091	\$ 184,495
Employee Contributions.....	121,525	24,065	4,061	148,051
Investment Income.....	387,355	178,775	51,681	809,188
Distributed Investment Trust Fund Income.....	325,435	37,716	38,847	412,604
Other Income.....	1,202	159	2	714
Total Operating Revenues.....	\$ 965,255	\$ 276,780	\$ 109,682	\$ 1,555,052
Operating Expenses:				
Annuity Payments.....	\$ 312,511	\$ 37,132	\$ 41,841	\$ 378,072
Refunded Contributions.....	14,683	845	79	5,040
Interest and Financing Costs.....	832	111	182	620
Purchased Services.....	1,485	134	61	1,680
Investment Management Fees.....	3,821	1,800	534	7,819
Salaries and Fringe Benefits.....	2,727	182	45	1,973
Depreciation.....	116	8	4	78
Supplies and Materials.....	118	12	1	70
Indirect Costs.....	30	4	8	34
Other Expenses.....	1,042	60	14	-
Total Operating Expenses.....	\$ 337,365	\$ 40,288	\$ 42,769	\$ 395,386
Operating Income (Loss).....	\$ 627,890	\$ 236,492	\$ 66,913	\$ 1,159,666
Nonoperating Revenues (Expenses):				
Local Association Mergers.....	\$ -	\$ -	\$ 7,929	\$ -
Total Nonoperating Revenues (Expenses).....	\$ -	\$ -	\$ 7,929	\$ -
Income (Loss) Before Operating Transfers.....	\$ 627,890	\$ 236,492	\$ 74,842	\$ 1,159,666
Operating Transfers-In.....	-	-	-	-
Operating Transfers-Out.....	-	-	-	-
Net Income (Loss).....	\$ 627,890	\$ 236,492	\$ 74,842	\$ 1,159,666
Fund Balances, July 1.....	5,074,357	1,356,179	671,829	8,226,080
Fund Balances, June 30.....	\$ 5,702,247	\$ 1,592,671	\$ 746,671	\$ 9,385,746

MINNESOTA STATE RETIREMENT SYSTEM						TOTALS FOR THE YEAR ENDED	
STATE EMPLOYEES RETIREMENT	STATE PATROL RETIREMENT	CORRECTIONAL EMPLOYEES RETIREMENT	JUDICIAL RETIREMENT	ELECTIVE STATE OFFICERS	LEGISLATIVE RETIREMENT	JUNE 30, 1996	JUNE 30, 1995
\$ 65,557	\$ 5,742	\$ 4,559	\$ 6,445	\$ 151	\$ 1,511	\$ 449,354	\$ 436,713
63,507	3,484	3,575	1,426	41	564	370,299	356,357
369,769	28,000	20,038	1,935	-	-	1,846,741	823,664
147,577	14,458	5,392	4,895	-	1,611	988,535	716,951
40	-	-	10	-	-	2,127	3,825
<u>\$ 646,450</u>	<u>\$ 51,684</u>	<u>\$ 33,564</u>	<u>\$ 14,711</u>	<u>\$ 192</u>	<u>\$ 3,686</u>	<u>\$ 3,657,056</u>	<u>\$ 2,337,510</u>
\$ 136,522	\$ 13,279	\$ 5,460	\$ 6,761	\$ 156	\$ 2,318	\$ 934,052	\$ 852,503
10,261	8	304	-	-	6	31,226	26,218
385	161	106	21	-	17	2,435	3,674
440	26	45	18	-	13	3,902	3,760
3,689	267	199	20	-	-	18,149	15,808
1,288	23	53	9	-	8	6,308	6,154
41	-	-	-	-	-	247	243
83	1	3	-	-	1	289	268
120	7	11	4	2	3	223	134
-	-	-	-	-	-	1,116	564
<u>\$ 152,829</u>	<u>\$ 13,772</u>	<u>\$ 6,181</u>	<u>\$ 6,833</u>	<u>\$ 158</u>	<u>\$ 2,366</u>	<u>\$ 997,947</u>	<u>\$ 909,326</u>
\$ 493,621	\$ 37,912	\$ 27,383	\$ 7,878	\$ 34	\$ 1,320	\$ 2,659,109	\$ 1,428,184
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,929	\$ 419
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,929	\$ 419
\$ 493,621	\$ 37,912	\$ 27,383	\$ 7,878	\$ 34	\$ 1,320	\$ 2,667,038	\$ 1,428,603
616	-	-	-	-	-	616	929
-	-	(7)	-	-	-	(7)	(2,438)
\$ 494,237	\$ 37,912	\$ 27,376	\$ 7,878	\$ 34	\$ 1,320	\$ 2,667,647	\$ 1,427,094
3,401,803	280,423	162,084	56,636	379	21,212	19,250,982	17,823,888
<u>\$ 3,896,040</u>	<u>\$ 318,335</u>	<u>\$ 189,460</u>	<u>\$ 64,514</u>	<u>\$ 413</u>	<u>\$ 22,532</u>	<u>\$ 21,918,629</u>	<u>\$ 19,250,982</u>

STATE OF MINNESOTA

DEFINED CONTRIBUTION FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1996
(IN THOUSANDS)

	MINNESOTA STATE RETIREMENT SYSTEM		COLLEGE AND UNIVERSITY		TOTALS	
	UNCLASSIFIED EMPLOYEES RETIREMENT		RETIREMENT		JUNE 30, 1996	JUNE 30, 1995
ASSETS						
Cash and Cash Equivalents.....	\$ 2,452		\$ 291		\$ 2,743	\$ 2,262
Investments.....	-		93,392		93,392	63,142
Accounts Receivable.....	359		-		359	326
Equity in Investment Trust Funds.....	150,707		195,019		345,726	302,499
Total Assets.....	<u>\$ 153,518</u>		<u>\$ 288,702</u>		<u>\$ 442,220</u>	<u>\$ 368,229</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable.....	\$ 275		\$ 200		\$ 475	\$ 498
Interfund Payables.....	132		-		132	629
Total Liabilities.....	<u>\$ 407</u>		<u>\$ 200</u>		<u>\$ 607</u>	<u>\$ 1,127</u>
Fund Balances:						
Reserved for Pension Benefits.....	\$ 153,111		\$ 288,502		\$ 441,613	\$ 367,102
Total Reserved Fund Balances.....	<u>\$ 153,111</u>		<u>\$ 288,502</u>		<u>\$ 441,613</u>	<u>\$ 367,102</u>
Total Liabilities and Fund Balances.....	<u>\$ 153,518</u>		<u>\$ 288,702</u>		<u>\$ 442,220</u>	<u>\$ 368,229</u>

STATE OF MINNESOTA

DEFINED CONTRIBUTION FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES YEAR ENDED JUNE 30, 1996 (IN THOUSANDS)

	MINNESOTA STATE RETIREMENT SYSTEM		TOTALS FOR THE YEAR ENDED	
	UNCLASSIFIED EMPLOYEES RETIREMENT	COLLEGE AND UNIVERSITY RETIREMENT	JUNE 30, 1996	JUNE 30, 1995
Operating Revenues:				
Employer Contributions.....	\$ 4,356	\$ 11,295	\$ 15,651	\$ 13,632
Employee Contributions.....	2,991	10,493	13,484	11,560
Investment Income.....	22,108	1,215	23,323	1,637
Realized/Unrealized Gain(Loss) on Investments in Investment Trust Fund.....	23	39,567	39,590	53,983
Other Income.....	215	984	1,199	558
Total Operating Revenues.....	\$ 29,693	\$ 63,554	\$ 93,247	\$ 81,370
Operating Expenses:				
Refunded Contributions.....	\$ 5,517	\$ 11,232	\$ 16,749	\$ 12,376
Purchased Services.....	26	1,264	1,290	1,167
Salaries and Fringe Benefits.....	74	-	74	55
Supplies and Materials.....	11	-	11	10
Indirect Costs.....	3	-	3	1
Total Operating Expenses.....	\$ 5,631	\$ 12,496	\$ 18,127	\$ 13,609
Operating Income (Loss).....	\$ 24,062	\$ 51,058	\$ 75,120	\$ 67,761
Operating Transfers-Out.....	(609)	-	(609)	(929)
Net Income (Loss).....	\$ 23,453	\$ 51,058	\$ 74,511	\$ 66,832
Fund Balances, July 1 as Reported.....	\$ 129,658	\$ 237,444	\$ 367,102	\$ 304,250
Prior Period Adjustment.....	-	-	-	(3,980)
Fund Balances, July 1 as Restated.....	\$ 129,658	\$ 237,444	\$ 367,102	\$ 300,270
Fund Balances, June 30.....	\$ 153,111	\$ 288,502	\$ 441,613	\$ 367,102

STATE OF MINNESOTA

INVESTMENT TRUST FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1996
(IN THOUSANDS)

	MINNESOTA SUPPLEMENTAL INVESTMENT	MINNESOTA POST RETIREMENT INVESTMENT	TOTALS	
			JUNE 30, 1996	JUNE 30, 1995
ASSETS				
Cash and Cash Equivalents.....	\$ 93,321	\$ 270,338	\$ 363,659	\$ 447,108
Investments.....	705,953	11,611,962	12,317,915	10,448,473
Interfund Receivables.....	-	36,670	36,670	30,517
Accrued Investment Income.....	2,225	1,014	3,239	3,685
Total Assets.....	<u>\$ 801,499</u>	<u>\$ 11,919,984</u>	<u>\$ 12,721,483</u>	<u>\$ 10,929,783</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable.....	\$ 2,118	\$ 3,791	\$ 5,909	\$ 3,944
Interfund Payables.....	-	-	-	1,034
Total Liabilities.....	<u>\$ 2,118</u>	<u>\$ 3,791</u>	<u>\$ 5,909</u>	<u>\$ 4,978</u>
Fund Balances:				
Reserved for Pension Benefits.....	<u>\$ 799,381</u>	<u>\$ 11,916,193</u>	<u>\$ 12,715,574</u>	<u>\$ 10,924,805</u>
Total Fund Balances.....	<u>\$ 799,381</u>	<u>\$ 11,916,193</u>	<u>\$ 12,715,574</u>	<u>\$ 10,924,805</u>
Total Liabilities and Fund Balances.....	<u>\$ 801,499</u>	<u>\$ 11,919,984</u>	<u>\$ 12,721,483</u>	<u>\$ 10,929,783</u>

STATE OF MINNESOTA

INVESTMENT TRUST FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES YEAR ENDED JUNE 30, 1996 (IN THOUSANDS)

	MINNESOTA SUPPLEMENTAL INVESTMENT	MINNESOTA POST RETIREMENT INVESTMENT	TOTALS FOR THE YEAR ENDED	
			JUNE 30, 1996	JUNE 30, 1995
Operating Revenues:				
Investment Income.....	\$ 103,287	\$ 1,361,535	\$ 1,464,822	\$ 661,973
Realized Gains (Losses) on Investments:				
Proceeds from Security Sales.....	\$ 331,959	\$ 2,490,650	\$ 2,822,609	\$ 2,363,262
Cost of Securities Sold.....	251,525	2,423,379	2,674,904	2,408,066
Total Realized Gains (Losses).....	\$ 80,434	\$ 67,271	\$ 147,705	\$ (44,804)
Unrealized Gains (Losses):				
Beginning of Period.....	\$ 107,767	\$ 366,429	\$ 474,196	\$ (472,028)
End of Period.....	42,307	698,851	741,158	474,196
Increase (Decrease) in Unrealized Appreciation.....	\$ (65,460)	\$ 332,422	\$ 266,962	\$ 946,224
Total Operating Revenues.....	\$ 118,261	\$ 1,761,228	\$ 1,879,489	\$ 1,563,393
Operating Expenses:				
Investment Management Fees.....	\$ 659	\$ 17,768	\$ 18,427	\$ 16,127
Operating Income (Loss).....	\$ 117,602	\$ 1,743,460	\$ 1,861,062	\$ 1,547,266
Nonoperating Revenues (Expenses):				
Participant Contributions.....	\$ 31,723	\$ 823,677	\$ 855,400	\$ 681,309
Participant Withdrawals.....	(32,917)	(892,776)	(925,693)	(843,300)
Net Nonoperating Revenues (Expenses).....	\$ (1,194)	\$ (69,099)	\$ (70,293)	\$ (161,991)
Net Income (Loss).....	\$ 116,408	\$ 1,674,361	\$ 1,790,769	\$ 1,385,275
Fund Balances, July 1.....	682,973	10,241,832	10,924,805	9,539,530
Fund Balances, June 30.....	\$ 799,381	\$ 11,916,193	\$ 12,715,574	\$ 10,924,805

STATE OF MINNESOTA

NONEXPENDABLE TRUST FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1996
(IN THOUSANDS)

		ENVIRONMENT AND NATURAL RESOURCES	TOTALS	
	PERMANENT SCHOOL	TRUST	JUNE 30, 1996	JUNE 30, 1995
ASSETS				
Cash and Cash Equivalents.....	\$ 23,044	\$ 10,106	\$ 33,150	\$ 66,788
Investments.....	431,517	113,967	545,484	439,868
Accounts Receivable.....	6,759	-	6,759	7,287
Interfund Receivables.....	-	2,770	2,770	1,549
Accrued Investment Income.....	5,054	-	5,054	5,822
Fixed Assets (Net).....	<u>15,411</u>	<u>-</u>	<u>15,411</u>	<u>15,424</u>
Total Assets.....	<u>\$ 481,785</u>	<u>\$ 126,843</u>	<u>\$ 608,628</u>	<u>\$ 536,738</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable.....	\$ -	\$ -	\$ -	\$ 133
Interfund Payables.....	<u>14,340</u>	<u>7,215</u>	<u>21,555</u>	<u>20,628</u>
Total Liabilities.....	<u>\$ 14,340</u>	<u>\$ 7,215</u>	<u>\$ 21,555</u>	<u>\$ 20,761</u>
Fund Balances:				
Reserved for Trust Principal.....	<u>\$ 467,445</u>	<u>\$ 119,628</u>	<u>\$ 587,073</u>	<u>\$ 515,977</u>
Total Fund Balance.....	<u>\$ 467,445</u>	<u>\$ 119,628</u>	<u>\$ 587,073</u>	<u>\$ 515,977</u>
Total Liabilities and Fund Balances.....	<u>\$ 481,785</u>	<u>\$ 126,843</u>	<u>\$ 608,628</u>	<u>\$ 536,738</u>

STATE OF MINNESOTA

NONEXPENDABLE TRUST FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES YEAR ENDED JUNE 30, 1996 (IN THOUSANDS)

	PERMANENT SCHOOL	ENVIRONMENT AND NATURAL RESOURCES TRUST	TOTALS FOR THE YEAR ENDED	
			JUNE 30, 1996	JUNE 30, 1995
Operating Revenues:				
Net Sales.....	\$ 7,986	\$ -	\$ 7,986	\$ 5,833
Investment Income.....	73,918	8,570	82,488	43,359
Rental and Service Fees.....	-	-	-	666
Other Income.....	232	-	232	88
Total Operating Revenues.....	\$ 82,136	\$ 8,570	\$ 90,706	\$ 49,946
Operating Expenses:				
Purchased Services.....	\$ 2	\$ -	\$ 2	\$ 12
Investment Management Fees.....	31	-	31	50
Salaries and Fringe Benefits.....	4,009	-	4,009	2,015
Depreciation.....	1	-	1	1
Supplies and Materials.....	1	-	1	4
Total Operating Expenses.....	\$ 4,044	\$ -	\$ 4,044	\$ 2,082
Operating Income.....	\$ 78,092	\$ 8,570	\$ 86,662	\$ 47,864
Nonoperating Revenues (Expenses):				
Gain on Sale of Fixed Assets.....	\$ 160	\$ -	\$ 160	\$ 277
Grants, Aids and Subsidies.....	(2)	-	(2)	9
Total Nonoperating Revenues.....	\$ 158	\$ -	\$ 158	\$ 286
Income Before Operating Transfers.....	\$ 78,250	\$ 8,570	\$ 86,820	\$ 48,150
Operating Transfers-In.....	26	25,876	25,902	24,511
Operating Transfers-Out.....	(29,642)	(12,485)	(42,127)	(41,366)
Net Income.....	\$ 48,634	\$ 21,961	\$ 70,595	\$ 31,295
Fund Balances, July 1.....	418,811	97,166	515,977	484,682
Residual Equity Transfers-In.....	-	501	501	-
Fund Balances, June 30.....	\$ 467,445	\$ 119,628	\$ 587,073	\$ 515,977

STATE OF MINNESOTA

NONEXPENDABLE TRUST FUNDS COMBINING STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 1996 (IN THOUSANDS)

	PERMANENT SCHOOL	ENVIRONMENT AND NATURAL RESOURCES TRUST	TOTALS FOR THE YEAR ENDED	
			JUNE 30, 1996	JUNE 30, 1995
Cash Flows from Operating Activities:				
Operating Income.....	\$ 78,092	\$ 8,570	\$ 86,662	\$ 47,864
Adjustments to Reconcile Operating Income to				
Net Cash Flows from Operating Activities:				
Depreciation.....	\$ 1	\$ -	\$ 1	\$ 1
Investment Income.....	(73,918)	(8,570)	(82,488)	(43,359)
Change in Assets and Liabilities:				
Accounts Receivable.....	(617)	-	(617)	(159)
Interfund Payables.....	564	-	564	-
Accounts Payable.....	(131)	(3)	(134)	71
Other Liabilities.....	-	-	-	269
Net Reconciling Items to be Added (Deducted)				
from Operating Income.....	\$ (74,101)	\$ (8,573)	\$ (82,674)	\$ (43,177)
Net Cash Flows from Operating Activities.....	\$ 3,991	\$ (3)	\$ 3,988	\$ 4,687
Cash Flows from Noncapital Financing Activities:				
Grant Receipts.....	\$ -	\$ -	\$ -	\$ 9
Operating Transfers-In.....	26	24,656	24,682	24,356
Operating Transfers-Out.....	(31,191)	(10,304)	(41,495)	(47,504)
Residual Equity Transfers-In.....	-	501	501	-
Other Noncapital Financing Costs.....	(2)	-	(2)	-
Net Cash Flows from Noncapital Financing Activities.....	\$ (31,167)	\$ 14,853	\$ (16,314)	\$ (23,139)
Cash Flows from Capital and Related Financing Activities:				
Proceeds from the Sale of Fixed Assets.....	\$ 1,304	\$ -	\$ 1,304	\$ 905
Net Cash Flows from Capital and Related Financing Activities.....	\$ 1,304	\$ -	\$ 1,304	\$ 905
Cash Flows from Investing Activities:				
Proceeds from Sales and Maturities of Investments.....	\$ 64,861	\$ 7,306	\$ 72,167	\$ 90,470
Purchase of Investments.....	(103,877)	(27,585)	(131,462)	(66,697)
Investment Earnings.....	31,462	5,217	36,679	41,898
Net Cash Flows from Investing Activities.....	\$ (7,554)	\$ (15,062)	\$ (22,616)	\$ 65,671
Net Increase (Decrease) in Cash and Cash Equivalents.....	\$ (33,426)	\$ (212)	\$ (33,638)	\$ 48,124
Cash and Cash Equivalents, July 1.....	56,470	10,318	66,788	18,664
Cash and Cash Equivalents, June 30.....	\$ 23,044	\$ 10,106	\$ 33,150	\$ 66,788

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STATE OF MINNESOTA

EXPENDABLE TRUST FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1996
(IN THOUSANDS)

	MUNICIPAL STATE-AID STREET	COUNTY STATE-AID HIGHWAY	ENDOWMENT SCHOOL
ASSETS			
Cash and Cash Equivalents.....	\$ 125,891	\$ 247,896	\$ -
Investments.....	-	-	-
Accounts Receivable.....	1,197	429	-
Interfund Receivables.....	6,476	22,040	10,368
Accrued Investment/Interest Income.....	-	-	-
Federal Aid Receivable.....	-	-	-
Inventories.....	-	-	-
Loans and Notes Receivable.....	-	-	-
Other Assets.....	-	-	-
Total Assets.....	<u>\$ 133,564</u>	<u>\$ 270,365</u>	<u>\$ 10,368</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable.....	\$ 2,898	\$ 8,021	\$ -
Interfund Payables.....	-	-	-
Deferred Revenue.....	-	-	-
Compensated Absences Payable.....	-	-	-
Other Liabilities.....	-	-	-
Funds Held in Trust.....	-	-	-
Total Liabilities.....	<u>\$ 2,898</u>	<u>\$ 8,021</u>	<u>\$ -</u>
Fund Balances:			
Reserved Fund Balances:			
Reserved for Encumbrances.....	\$ 333	\$ 1,279	\$ -
Reserved for Inventory.....	-	-	-
Reserved for Long-Term Receivables.....	-	-	-
Reserved for Local Governments.....	130,333	261,065	-
Total Reserved Fund Balances.....	<u>\$ 130,666</u>	<u>\$ 262,344</u>	<u>\$ -</u>
Unreserved Fund Balances:			
Designated for Fund Purposes.....	-	-	10,368
Total Fund Balances.....	<u>\$ 130,666</u>	<u>\$ 262,344</u>	<u>\$ 10,368</u>
Total Liabilities and Fund Balances.....	<u>\$ 133,564</u>	<u>\$ 270,365</u>	<u>\$ 10,368</u>

ENDOWMENT	ENVIRONMENT AND NATURAL RESOURCES TRUST	NORTHEAST MINNESOTA ECONOMIC PROTECTION	REEMPLOYMENT INSURANCE	TOTALS	
				JUNE 30, 1996	JUNE 30, 1995
\$ 15,592	\$ 4,816	\$ 92,851	\$ 446,740	\$ 933,786	\$ 932,310
2,404	-	-	-	2,404	2,969
1,713	-	98	10,942	14,379	14,727
108	7,215	-	-	46,207	22,950
13	-	47	-	60	122
-	-	-	175	175	188
-	-	2,197	-	2,197	2,197
-	-	12,571	-	12,571	9,405
-	-	-	-	-	393
<u>\$ 19,830</u>	<u>\$ 12,031</u>	<u>\$ 107,764</u>	<u>\$ 457,857</u>	<u>\$ 1,011,779</u>	<u>\$ 985,261</u>
\$ 4,551	\$ 963	\$ 33	\$ 10,004	\$ 26,470	\$ 18,961
-	-	-	4,477	4,477	5,374
50	-	-	2,570	2,620	2,749
203	62	49	-	314	248
2	-	-	-	2	449
350	-	-	-	350	318
<u>\$ 5,156</u>	<u>\$ 1,025</u>	<u>\$ 82</u>	<u>\$ 17,051</u>	<u>\$ 34,233</u>	<u>\$ 28,099</u>
\$ 1,080	\$ -	\$ 2,663	\$ -	\$ 5,355	\$ 5,765
-	-	2,197	-	2,197	2,197
-	-	12,072	-	12,072	8,874
-	-	-	-	391,398	454,344
<u>\$ 1,080</u>	<u>\$ -</u>	<u>\$ 16,932</u>	<u>\$ -</u>	<u>\$ 411,022</u>	<u>\$ 471,180</u>
13,594	11,006	90,750	440,806	566,524	485,982
<u>\$ 14,674</u>	<u>\$ 11,006</u>	<u>\$ 107,682</u>	<u>\$ 440,806</u>	<u>\$ 977,546</u>	<u>\$ 957,162</u>
<u>\$ 19,830</u>	<u>\$ 12,031</u>	<u>\$ 107,764</u>	<u>\$ 457,857</u>	<u>\$ 1,011,779</u>	<u>\$ 985,261</u>

STATE OF MINNESOTA

**EXPENDABLE TRUST FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 1996
(IN THOUSANDS)**

	MUNICIPAL STATE-AID STREET	COUNTY STATE-AID HIGHWAY	ENDOWMENT SCHOOL
Net Revenues:			
Unemployment Taxes.....	\$ -	\$ -	\$ -
Mining Taxes.....	-	-	-
Federal Revenues.....	-	-	-
Investment/Interest Income.....	7,693	16,437	-
Gifts and Donations.....	-	-	-
Other Revenues.....	-	-	-
Net Revenues.....	<u>\$ 7,693</u>	<u>\$ 16,437</u>	<u>\$ -</u>
Expenditures:			
Current:			
Protection of Persons and Property.....	\$ -	\$ -	\$ -
Transportation.....	972	3,167	-
Resource Management.....	-	-	-
Economic and Manpower Development.....	-	-	-
Education.....	-	-	-
Health and Social Services.....	-	-	-
General Government.....	-	-	-
Total Current Expenditures.....	<u>\$ 972</u>	<u>\$ 3,167</u>	<u>\$ -</u>
Debt Service.....	-	-	-
Grants and Subsidies.....	113,638	352,797	31,190
Total Expenditures.....	<u>\$ 114,610</u>	<u>\$ 355,964</u>	<u>\$ 31,190</u>
Excess of Revenues Over (Under) Expenditures.....	<u>\$ (106,917)</u>	<u>\$ (339,527)</u>	<u>\$ (31,190)</u>
Other Financing Sources (Uses):			
Operating Transfers-In.....	\$ 84,868	\$ 291,586	\$ 29,642
Operating Transfers to Debt Service.....	-	-	-
Operating Transfers-Out.....	-	-	-
Transfers-Out to Component Units.....	-	-	-
Net Other Financing Sources (Uses).....	<u>\$ 84,868</u>	<u>\$ 291,586</u>	<u>\$ 29,642</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses.....	<u>\$ (22,049)</u>	<u>\$ (47,941)</u>	<u>\$ (1,548)</u>
Fund Balances, July 1, as Reported.....	\$ 148,582	\$ 296,084	\$ 11,916
Prior Period Adjustments.....	4,133	14,201	-
Changes in Reporting Entity.....	-	-	-
Fund Balances, July 1, as Restated.....	<u>\$ 152,715</u>	<u>\$ 310,285</u>	<u>\$ 11,916</u>
Residual Equity Transfers-Out.....	-	-	-
Fund Balances, June 30.....	<u>\$ 130,666</u>	<u>\$ 262,344</u>	<u>\$ 10,368</u>

ENDOWMENT	ENVIRONMENT AND NATURAL RESOURCES TRUST	NORTHEAST MINNESOTA ECONOMIC PROTECTION	REEMPLOYMENT INSURANCE	TOTALS FOR THE YEAR ENDED	
				JUNE 30, 1996	JUNE 30, 1995
\$ -	\$ -	\$ -	\$ 409,187	\$ 409,187	\$ 460,150
-	-	4,474	-	4,474	3,876
2	-	-	8,158	8,160	10,054
4,442	279	5,514	30,137	64,502	52,098
11,787	-	-	-	11,787	9,241
8,319	177	206	836	9,538	4,809
<u>\$ 24,550</u>	<u>\$ 456</u>	<u>\$ 10,194</u>	<u>\$ 448,318</u>	<u>\$ 507,648</u>	<u>\$ 540,228</u>
\$ 28	\$ -	\$ -	\$ -	\$ 28	\$ 19
-	33	-	-	4,172	4,459
1,005	4,828	-	-	5,833	6,531
175	23	615	-	813	3,688
7,009	5	-	-	7,014	6,131
1,274	-	-	-	1,274	1,124
1,069	391	-	-	1,460	1,291
<u>\$ 10,560</u>	<u>\$ 5,280</u>	<u>\$ 615</u>	<u>\$ -</u>	<u>\$ 20,594</u>	<u>\$ 23,243</u>
-	-	34	-	34	24
8,135	1,494	3,898	381,476	892,629	814,438
<u>\$ 18,695</u>	<u>\$ 6,774</u>	<u>\$ 4,547</u>	<u>\$ 381,476</u>	<u>\$ 913,257</u>	<u>\$ 837,705</u>
\$ 5,855	\$ (6,318) -	\$ 5,647	\$ 66,842	\$ (405,609)	\$ (297,477)
\$ 8	\$ 12,485	\$ -	\$ -	\$ 418,590	\$ 398,625
(1,110)	-	-	-	(1,110)	(130)
(4,272)	(3,107)	(21)	-	(7,400)	(4,122)
-	(1,826)	-	-	(1,826)	(1,852)
<u>\$ (5,374)</u>	<u>\$ 7,552</u>	<u>\$ (21)</u>	<u>\$ -</u>	<u>\$ 408,254</u>	<u>\$ 392,521</u>
\$ 481	\$ 1,234	\$ 5,626	\$ 66,842	\$ 2,645	\$ 95,044
\$ 14,287	\$ 10,273	\$ 102,056	\$ 373,964	\$ 957,162	\$ 862,124
-	-	-	-	18,334	-
(94)	-	-	-	(94)	-
<u>\$ 14,193</u>	<u>\$ 10,273</u>	<u>\$ 102,056</u>	<u>\$ 373,964</u>	<u>\$ 975,402</u>	<u>\$ 862,124</u>
-	(501)	-	-	(501)	(6)
<u>\$ 14,674</u>	<u>\$ 11,006</u>	<u>\$ 107,682</u>	<u>\$ 440,806</u>	<u>\$ 977,546</u>	<u>\$ 957,162</u>

STATE OF MINNESOTA

AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES YEAR ENDED JUNE 30, 1996 (IN THOUSANDS)

	BALANCE JULY 1, 1995	INCREASES	DECREASES	BALANCE JUNE 30, 1996
DEFERRED COMPENSATION				
ASSETS				
Cash and Cash Equivalents.....	\$ 1,791	\$ 128,796	\$ 126,174	\$ 4,413
Investments.....	842,266	213,330	67,242	988,354
Accounts Receivable.....	3,188	4,992	3,187	4,993
Equity in Investment Trust Funds.....	293,091	201,790	148,146	346,735
Total Assets.....	<u>\$ 1,140,336</u>	<u>\$ 548,908</u>	<u>\$ 344,749</u>	<u>\$ 1,344,495</u>
LIABILITIES				
Accounts Payable.....	\$ 377	\$ 410	\$ 377	\$ 410
Interfund Payables.....	506	577	506	577
Funds Held in Trust.....	1,139,453	274,094	70,039	1,343,508
Total Liabilities.....	<u>\$ 1,140,336</u>	<u>\$ 275,081</u>	<u>\$ 70,922</u>	<u>\$ 1,344,495</u>
DISBURSEMENT CLEARING				
ASSETS				
Cash and Cash Equivalents.....	\$ 175,913	\$ 16,765,211	\$ 16,795,963	\$ 145,161
Total Assets.....	<u>\$ 175,913</u>	<u>\$ 16,765,211</u>	<u>\$ 16,795,963</u>	<u>\$ 145,161</u>
LIABILITIES				
Warrants Payable.....	\$ 175,913	\$ 16,765,211	\$ 16,795,963	\$ 145,161
Total Liabilities.....	<u>\$ 175,913</u>	<u>\$ 16,765,211</u>	<u>\$ 16,795,963</u>	<u>\$ 145,161</u>
MISCELLANEOUS AGENCY				
ASSETS				
Cash and Cash Equivalents.....	\$ 38,939	\$ 332,878	\$ 337,498	\$ 34,319
Investments.....	-	2,670	-	2,670
Accounts Receivable.....	11,408	17,083	11,084	17,407
Interfund Receivables.....	-	5,143	-	5,143
Accrued Investment Income.....	-	23	-	23
Total Assets.....	<u>\$ 50,347</u>	<u>\$ 357,797</u>	<u>\$ 348,582</u>	<u>\$ 59,562</u>
LIABILITIES				
Accounts Payable.....	\$ 13,349	\$ 20,479	\$ 13,349	\$ 20,479
Interfund Payables.....	-	9	-	9
Payable to Other Governmental Units.....	6,676	-	6,676	-
Funds Held in Trust.....	30,322	377,870	369,118	39,074
Total Liabilities.....	<u>\$ 50,347</u>	<u>\$ 398,358</u>	<u>\$ 389,143</u>	<u>\$ 59,562</u>
TOTAL AGENCY FUNDS				
ASSETS				
Cash and Cash Equivalents.....	\$ 216,643	\$ 17,226,885	\$ 17,259,635	\$ 183,893
Investments.....	842,266	216,000	67,242	991,024
Accounts Receivable.....	14,596	22,075	14,271	22,400
Interfund Receivables.....	-	5,143	-	5,143
Accrued Investment Income.....	-	23	-	23
Equity in Investment Trust Funds.....	293,091	201,790	148,146	346,735
Total Assets.....	<u>\$ 1,366,596</u>	<u>\$ 17,671,916</u>	<u>\$ 17,489,294</u>	<u>\$ 1,549,218</u>
LIABILITIES				
Warrants Payable.....	\$ 175,913	\$ 16,765,211	\$ 16,795,963	\$ 145,161
Accounts Payable.....	13,726	20,889	13,726	20,889
Interfund Payables.....	506	586	506	586
Payable to Other Governmental Units.....	6,676	-	6,676	-
Funds Held in Trust.....	1,169,775	651,964	439,157	1,382,582
Total Liabilities.....	<u>\$ 1,366,596</u>	<u>\$ 17,438,650</u>	<u>\$ 17,256,028</u>	<u>\$ 1,549,218</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

The *General Fixed Assets Account Group* is maintained to account for fixed assets acquired or constructed for use by the state, other than those accounted for in proprietary and fiduciary funds.

STATE OF MINNESOTA

COMPARATIVE SCHEDULE OF GENERAL FIXED ASSETS BY SOURCES

JUNE 30, 1996 and 1995
(IN THOUSANDS)

	TOTALS	
	JUNE 30, 1996	JUNE 30, 1995
GENERAL FIXED ASSETS:		
Land.....	\$ 283,954	\$ 259,412
Buildings.....	1,705,173	1,219,322
Equipment.....	412,830	342,857
Construction in Progress.....	217,786	137,902
Total General Fixed Assets.....	<u>\$ 2,619,743</u>	<u>\$ 1,959,493</u>
INVESTMENT IN GENERAL FIXED ASSETS:		
Investment in Assets Acquired Prior to July 1, 1984 - Source Unidentified.....	\$ 833,991	\$ 834,106
Expenditures from:		
General Fund.....	598,928	124,304
Special Revenue Funds:		
Trunk Highway Fund.....	288,505	248,449
Highway User Tax Distribution Fund.....	623	623
State Airports Fund.....	7,612	9,006
Federal Fund.....	102,586	98,741
Environmental Fund.....	10,586	1,398
Petroleum Tank Cleanup Fund.....	93	-
Natural Resources Funds.....	25,474	29,158
Special Compensation Fund.....	2,984	5,036
Health Care Access Fund.....	636	621
Iron Range Resources and Rehabilitation Fund.....	27,912	24,709
Miscellaneous Special Revenue Fund.....	52,490	46,685
Capital Projects Funds:		
General Project Fund.....	5,946	5,883
Building Fund.....	631,447	502,656
Donations.....	29,930	28,118
Total Investment in General Fixed Assets.....	<u>\$ 2,619,743</u>	<u>\$ 1,959,493</u>

STATE OF MINNESOTA

SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY

JUNE 30, 1996
(IN THOUSANDS)

Function and Activity	LAND	BUILDINGS	EQUIPMENT	CONSTRUCTION IN PROGRESS	TOTAL
Protection of Persons and Property:					
Military Affairs.....	\$ 4,234	\$ 95,929	\$ 322	\$ 20,542	\$ 121,027
Public Safety.....	-	-	34,307	-	34,307
Others.....	-	-	918	-	918
Total Protection of Persons and Property.....	\$ 4,234	\$ 95,929	\$ 35,547	\$ 20,542	\$ 156,252
Transportation:					
Transportation.....	\$ 5,870	\$ 152,730	\$ 172,052	\$ 10,249	\$ 340,901
Total Transportation.....	\$ 5,870	\$ 152,730	\$ 172,052	\$ 10,249	\$ 340,901
Resource Management:					
Natural Resources.....	\$ 209,284	\$ 42,108	\$ 42,817	\$ 1,500	\$ 295,709
Pollution Control.....	201	-	4,448	-	4,649
Others.....	-	-	137	-	137
Total Resource Management.....	\$ 209,485	\$ 42,108	\$ 47,402	\$ 1,500	\$ 300,495
Economic and Manpower Development:					
Agriculture.....	\$ -	\$ -	\$ 1,953	\$ -	\$ 1,953
Commerce.....	-	-	72	-	72
Economic Security.....	1,976	7,410	9,852	-	19,238
Trade and Economic Development.....	-	-	659	-	659
Labor and Industry.....	-	-	1,141	-	1,141
Iron Range Resources and Rehabilitation.....	1,046	28,395	2,764	5,579	37,784
Public Service.....	-	-	1,827	-	1,827
Amateur Sports Commission.....	1,261	14,294	22	-	15,577
Others.....	-	-	134	-	134
Total Economic and Manpower Development.....	\$ 4,283	\$ 50,099	\$ 18,424	\$ 5,579	\$ 78,385
Education:					
Center for Arts Education.....	\$ 1,955	\$ 2,955	\$ 106	\$ -	\$ 5,016
Minnesota State Colleges and Universities.....	38,882	838,070	94,197	116,835	1,087,984
Children, Families and Learning.....	20	10,516	442	1,257	12,235
Zoological Garden.....	1,175	40,408	1,506	7,787	50,876
Total Education.....	\$ 42,032	\$ 891,949	\$ 96,251	\$ 125,879	\$ 1,156,111
Health and Social Services:					
Health.....	\$ -	\$ -	\$ 2,801	\$ -	\$ 2,801
Human Services.....	1,088	173,951	12,092	10	187,141
Veterans Affairs and Veterans Home Board.....	134	33,560	1,358	527	35,579
Corrections.....	108	127,760	6,357	53,500	187,725
Others.....	30	-	1,020	-	1,050
Total Health and Human Services.....	\$ 1,360	\$ 335,271	\$ 23,628	\$ 54,037	\$ 414,296
General Government:					
Administration (1).....	\$ 16,690	\$ 137,087	\$ 1,192	\$ -	\$ 154,969
Attorney General.....	-	-	852	-	852
Employee Relations.....	-	-	1,525	-	1,525
Office of Strategic and Long Range Planning.....	-	-	300	-	300
Governor.....	-	-	99	-	99
Legislature.....	-	-	47	-	47
Secretary of State.....	-	-	4,716	-	4,716
Supreme Court.....	-	-	4,708	-	4,708
Revenue.....	-	-	4,617	-	4,617
Others.....	-	-	1,470	-	1,470
Total General Government.....	\$ 16,690	\$ 137,087	\$ 19,526	\$ -	\$ 173,303
Total General Fixed Assets.....	\$ 283,954	\$ 1,705,173	\$ 412,830	\$ 217,786	\$ 2,619,743

(1) Consists primarily of buildings and land located in the capitol complex area.

STATE OF MINNESOTA

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY YEAR ENDED JUNE 30, 1996 (IN THOUSANDS)

Function and Activity	GENERAL FIXED ASSETS JULY 1, 1995	ADDITIONS	DEDUCTIONS/ NET TRANSFERS	ADJUSTMENTS	GENERAL FIXED ASSETS JUNE 30, 1996
Protection of Persons and Property:					
Military Affairs.....	\$ 117,595	\$ 7,031	\$ 3,515	\$ (84)	\$ 121,027
Public Safety.....	30,926	5,986	2,786	181	34,307
Others.....	743	79	36	132	918
Total Protection of Persons and Property.....	\$ 149,264	\$ 13,096	\$ 6,337	\$ 229	\$ 156,252
Transportation:					
Transportation.....	\$ 300,326	\$ 52,401	\$ 17,777	\$ 5,951	\$ 340,901
Total Transportation.....	\$ 300,326	\$ 52,401	\$ 17,777	\$ 5,951	\$ 340,901
Resource Management:					
Natural Resources.....	\$ 278,287	\$ 20,428	\$ 4,817	\$ 1,811	\$ 295,709
Pollution Control.....	3,849	687	-	113	4,649
Others.....	15	15	-	107	137
Total Resource Management.....	\$ 282,151	\$ 21,130	\$ 4,817	\$ 2,031	\$ 300,495
Economic and Manpower Development:					
Agriculture.....	\$ 2,147	\$ 324	\$ 513	\$ (5)	\$ 1,953
Commerce.....	97	72	97	-	72
Economic Security.....	19,403	433	558	(40)	19,238
Trade and Economic Development.....	727	-	82	14	659
Labor and Industry.....	4,227	26	3,823	711	1,141
Iron Range Resources and Rehabilitation.....	34,582	3,362	284	124	37,784
Public Service.....	1,717	13	-	97	1,827
Amateur Sports Commission.....	15,577	-	-	-	15,577
Others.....	112	22	-	-	134
Total Economic and Manpower Development.....	\$ 78,589	\$ 4,252	\$ 5,357	\$ 901	\$ 78,385
Education:					
Center for Arts Education.....	\$ 5,016	\$ -	\$ -	\$ -	\$ 5,016
Minnesota State Colleges and Universities.....	531,985	66,240	20,830	510,589	1,087,984
Children, Families and Learning.....	12,233	11	9	-	12,235
Zoological Garden.....	44,102	8,011	1,145	(92)	50,876
Total Education.....	\$ 593,336	\$ 74,262	\$ 21,984	\$ 510,497	\$ 1,156,111
Health and Social Services:					
Health.....	\$ 4,455	\$ 91	\$ 1,533	\$ (212)	\$ 2,801
Human Services.....	180,358	35,480	29,272	575	187,141
Veterans Affairs and Veterans Home Board.....	34,810	762	58	65	35,579
Corrections.....	162,058	33,569	5,023	(2,879)	187,725
Others.....	620	443	23	10	1,050
Total Health and Human Services.....	\$ 382,301	\$ 70,345	\$ 35,909	\$ (2,441)	\$ 414,296
General Government:					
Administration (1).....	\$ 155,003	\$ 40	\$ 101	\$ 27	\$ 154,969
Attorney General.....	842	10	-	-	852
Employee Relations.....	2,159	28	662	-	1,525
Office of Strategic and Long Range Planning.....	300	-	-	-	300
Governor.....	99	-	-	-	99
Legislature.....	47	-	-	-	47
Secretary of State.....	4,680	-	1	37	4,716
Supreme Court.....	4,719	17	453	425	4,708
Revenue.....	4,355	615	313	(40)	4,617
Others.....	1,322	34	(5)	109	1,470
Total General Government.....	\$ 173,526	\$ 744	\$ 1,525	\$ 558	\$ 173,303
Total General Fixed Assets.....	\$ 1,959,493	\$ 236,230	\$ 93,706	\$ 517,726	\$ 2,619,743

(1) Consists primarily of buildings and land located in the capitol complex area.

GENERAL LONG-TERM OBLIGATION ACCOUNT GROUP

The *General Long-Term Obligation Account Group* accounts for unmatured principal of bonds, notes and other forms of long-term indebtedness which are not accounted for in proprietary or fiduciary funds.

STATE OF MINNESOTA

GENERAL LONG-TERM OBLIGATION ACCOUNT GROUP STATEMENT OF CHANGES IN GENERAL LONG-TERM OBLIGATIONS YEAR ENDED JUNE 30, 1996 (IN THOUSANDS)

	BALANCE JULY 1, 1995	INCREASE	DECREASE	BALANCE JUNE 30, 1996
Amount Available and to be Provided for Payment of General Long-Term Obligations:				
Amount Available in Debt Service Fund.....	\$ 163,805	\$ 166,855	\$ 169,780	\$ 160,880
Amount to be Provided:				
General Fund.....	\$ 2,570,439	\$ 1,134,221	\$ 943,760	\$ 2,760,900
Trunk Highway Fund.....	141,115	3,842	26,513	118,444
Highway User Tax Distribution Fund.....	941	11	45	907
Solid Waste Fund.....	462	129,358	-	129,820
State Airports Fund.....	437	18	-	455
Federal Fund.....	17,424	1,210	960	17,674
Environmental Fund.....	1,441	246	12	1,675
Petroleum Tank Cleanup Fund.....	163	2	2	163
Natural Resources Funds.....	7,977	304	11	8,270
Maximum Effort School Loan Fund.....	100,175	13,990	6,915	107,250
Special Compensation Fund.....	47,484	2,685	10,208	39,961
Health Care Access Fund.....	648	81	28	701
Iron Range Resources and Rehabilitation Fund.....	514	36	-	550
Miscellaneous Special Revenue Fund.....	47,245	17,787	48,270	16,762
Total Amount to be Provided.....	\$ 2,936,465	\$ 1,303,791	\$ 1,036,724	\$ 3,203,532
Total Amount Available and to be Provided.....	\$ 3,100,270	\$ 1,470,646	\$ 1,206,504	\$ 3,364,412
General Long-Term Obligations Payable:				
General Obligation Bonds Payable.....	\$ 1,892,169	\$ 439,625	\$ 169,780	\$ 2,162,014
Loans Payable.....	40,775	229	7,693	33,311
Revenue Bonds Payable.....	34,327	212,690	44,307	202,710
Grants Payable.....	417,578	423,838	417,578	423,838
Claims Payable.....	372,389	154,506	336,836	190,059
Compensated Absences Payable.....	205,376	62,536	31,680	236,232
Workers Compensation Liability.....	112,442	2,299	13,074	101,667
Capital Leases Payable.....	15,808	4,827	7,441	13,194
Pension Liabilities.....	8,702	-	8,176	526
Arbitrage Payable.....	704	183	26	861
Total General Long-Term Obligations Payable.....	\$ 3,100,270	\$ 1,300,733	\$ 1,036,591	\$ 3,364,412

COMPONENT UNIT FUNDS

Component units are legally separate organizations for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's governing body, and either (a) the ability to impose the will of the primary government, or (b) the potential for the organization to provide financial benefits to, or impose financial burdens on the primary government. They are presented here in three reporting groups, Governmental fund type, Proprietary fund type and Universities.

GOVERNMENTAL FUND TYPE:

The *Metropolitan Council* is responsible for coordinating the planning and development of the Twin Cities metropolitan area.

The *Minnesota Technology, Incorporated* provides financial assistance to new or existing small and medium sized businesses in greater Minnesota, in order to stimulate economic growth and job creation.

The *Higher Education Services Office* administers the states student loan programs and engages in long-range planning for the needs of higher education.

The *Rural Finance Authority* administers state agriculture programs.

The *Agricultural and Economic Development Board* administers programs for agricultural and economic development.

The *Export Finance Authority* aids and facilitates the financing of exports from the state.

PROPRIETARY FUND TYPE:

The *Housing Finance Agency* provides money for loans and technical assistance for construction and rehabilitation of housing for families of low and moderate incomes.

The *Public Facilities Authority* provides financial assistance to municipalities, primarily for wastewater treatment construction projects.

The *Metropolitan Council* operates the metropolitan regional sewage treatment and disposal systems and the public transit system. The Metropolitan Sports Facilities Commission, a component unit of the Council, operates the Metropolitan Sports Center and Hubert H. Humphrey Metrodome sports facilities.

The *Minnesota Workers' Compensation Assigned Risk Plan* is the source of workers' compensation and employers' liability coverage for Minnesota employers who have been unable to obtain an insurance policy through the voluntary market.

The *National Sports Center Foundation* is under contract with the Minnesota Amateur Sports Commission to maintain and operate the National Sports Center facility. The primary purpose of the facility is to hold youth-oriented athletic and other non-athletic functions and events.

The *Higher Education Services Office* makes and guarantees loans to qualified post secondary students.

COLLEGE AND UNIVERSITY TYPE:

The *University of Minnesota* is a multi-campus university providing undergraduate and graduate degrees, advanced research opportunities, hospital and medical clinics, and an extension service.

STATE OF MINNESOTA

COMPONENT UNIT FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 1995 and JUNE 30, 1996
(IN THOUSANDS)

	GOVERNMENTAL FUND TYPES					
	METROPOLITAN COUNCIL	MINNESOTA TECHNOLOGY	HIGHER EDUCATION SERVICES OFFICE	EXPORT FINANCE AUTHORITY	AGRICULTURAL AND ECONOMIC DEVELOPMENT BOARD	RURAL FINANCE AUTHORITY
ASSETS						
Cash and Cash Equivalents.....	\$ 38,449	\$ 10,721	\$ 3,227	\$ 918	\$ 23,273	\$ 12,374
Investments.....	120,411	4,546	-	-	16,207	-
Accounts Receivable.....	1,784	93	484	-	10	15
Accrued Investment/Interest Income.....	632	-	-	-	-	-
Interfund Receivables.....	7,481	-	-	-	-	-
Due from Other Governmental Units.....	20,514	-	-	-	-	-
Due from Primary Government.....	-	-	-	-	-	-
Federal Aid Receivable.....	-	1,573	217	-	-	-
Loans and Notes Receivable.....	11,488	-	-	-	18,385	38,080
Inventories.....	-	-	-	-	-	-
Deferred Costs.....	-	-	-	-	-	-
Restricted Assets:						
Cash and Cash Equivalents.....	-	-	-	-	-	-
Investments.....	-	-	-	-	-	-
Accrued Investment Income.....	-	60	-	-	291	-
Loans Receivable.....	-	-	-	-	-	-
Loans Receivable between Component Units.....	-	-	-	-	-	-
Other Restricted Assets.....	-	-	-	-	-	-
Fixed Assets (Net).....	10,151	831	439	-	-	-
Other Assets.....	776	-	-	-	-	-
Amount Available for Debt Service.....	38,068	-	-	-	-	-
Amount to be Provided for Debt Service.....	88,961	-	-	-	16,620	-
Total Assets and Other Debits.....	\$ 338,715	\$ 17,824	\$ 4,367	\$ 918	\$ 74,786	\$ 50,469
LIABILITIES AND FUND EQUITY						
Liabilities:						
Accounts Payable.....	\$ 9,350	\$ 763	\$ 393	\$ -	\$ 1,260	\$ 24
Loans/Notes Payables.....	3,031	-	-	-	-	-
Interfund Payables.....	33,041	-	-	-	-	-
Payables to Other Governmental Units.....	707	-	-	-	-	-
Due to Primary Government.....	-	-	-	-	-	4,424
Loans Payables between Component Units.....	-	-	-	-	-	-
Deferred Revenue.....	2,681	-	-	-	-	-
Claims and Judgements.....	-	-	-	-	-	-
Grants Payable.....	-	-	-	-	-	-
Pension Liabilities.....	-	-	-	-	-	-
Funds Held in Trust.....	54,442	-	-	-	-	-
Payable from Restricted Assets:						
Accounts Payable.....	-	-	-	-	-	-
Revenue Bonds Payable.....	-	-	-	-	38,485	-
General Obligation Bonds Payable.....	-	-	-	-	-	-
Revenue and General Obligation Bonds Interest Payable.....	-	-	-	-	-	-
Interfund Payables.....	-	-	-	-	-	-
Revenue Bonds Payable.....	-	-	-	-	-	-
General Obligation Bonds Payable.....	121,303	-	-	-	-	-
Compensated Absences Payable.....	811	-	-	-	-	-
Estimated Liability from Transfer of Hospital.....	-	-	-	-	-	-
Total Liabilities.....	\$ 225,366	\$ 763	\$ 393	\$ -	\$ 39,745	\$ 4,448
Fund Equity:						
Contributed Capital.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment in Fixed Assets.....	\$ 10,151	\$ -	\$ 439	\$ -	\$ -	\$ -
Retained Earnings:						
Reserved for Debt Requirements.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved per State Law.....	-	-	-	-	-	-
Reserved for Claims.....	-	-	-	-	-	-
Unreserved Retained Earnings.....	-	-	-	-	-	-
Total Retained Earnings.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balances:						
Reserved Fund Balances:						
Reserved for Encumbrances.....	\$ 140	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved for Long-Term Receivables.....	11,025	-	-	-	18,385	37,829
Reserved for Long-Term Commitments.....	26,304	-	-	-	-	-
Reserved for Other.....	-	-	-	-	-	-
Total Reserved Fund Balances.....	\$ 37,469	\$ -	\$ -	\$ -	\$ 18,385	\$ 37,829
Unreserved Fund Balances:						
Designated for Fund Purposes.....	\$ 51,439	\$ 14,220	\$ -	\$ -	\$ 16,656	\$ 8,192
Undesignated.....	14,290	2,841	3,535	918	-	-
Total Unreserved Fund Balances.....	\$ 65,729	\$ 17,061	\$ 3,535	\$ 918	\$ 16,656	\$ 8,192
Total Fund Balances.....	\$ 103,198	\$ 17,061	\$ 3,535	\$ 918	\$ 35,041	\$ 46,021
Total Fund Equity.....	\$ 113,349	\$ 17,061	\$ 3,974	\$ 918	\$ 35,041	\$ 46,021
Total Liabilities, Equity and Other Credits.....	\$ 338,715	\$ 17,824	\$ 4,367	\$ 918	\$ 74,786	\$ 50,469

PROPRIETARY FUND TYPES						UNIVERSITY FUND TYPE	
HOUSING FINANCE AGENCY	PUBLIC FACILITIES AUTHORITY	METROPOLITAN COUNCIL	WORKERS' COMPENSATION ASSIGNED RISK PLAN	NATIONAL SPORTS CENTER FOUNDATION	HIGHER EDUCATION SERVICES OFFICE	UNIVERSITY OF MINNESOTA	COMBINED TOTALS
\$ 397,694	\$ -	\$ (1,894)	\$ 17,125	\$ 38	\$ 5,937	\$ 422,249	\$ 930,111
266,623	-	34,788	524,323	-	101,311	608,197	1,676,406
1,642	-	8,842	330,225	346	-	102,218	445,659
25,345	-	258	4,969	-	2,805	5,992	40,001
-	-	28,457	-	-	-	-	35,938
-	-	3,661	-	-	-	-	24,175
-	-	-	-	-	-	205,674	205,674
-	-	-	-	-	-	41,579	43,369
1,745,734	-	-	-	-	184,001	63,254	2,060,942
1,143	-	11,353	-	40	-	23,284	35,820
-	-	-	10,028	26	728	10,020	20,800
232,419	46,934	(79)	-	-	16,666	30,366	326,306
53,057	123,715	171,715	-	-	-	-	348,487
-	2,748	-	-	-	-	-	3,099
-	115,430	-	-	-	-	-	115,430
-	255,600	-	-	-	-	-	255,600
-	35,312	3,335	-	-	-	-	38,647
839	5	1,151,399	-	460	76	1,210,812	2,375,012
-	-	264	-	-	-	10,583	11,623
-	-	-	-	-	-	-	38,068
-	-	-	-	-	-	-	105,581
<u>\$ 2,724,496</u>	<u>\$ 579,744</u>	<u>\$ 1,412,099</u>	<u>\$ 886,668</u>	<u>\$ 910</u>	<u>\$ 311,524</u>	<u>\$ 2,734,228</u>	<u>\$ 9,136,748</u>
\$ 2,980	\$ 179	\$ 62,903	\$ 730,482	\$ 179	\$ 367	\$ 136,079	\$ 944,959
-	-	622	-	359	-	54,000	58,012
-	-	120	-	-	-	-	33,161
-	-	-	-	-	-	-	707
-	-	-	6,826	-	-	40,999	52,249
-	-	248,584	-	-	-	-	248,584
-	-	2,586	38,522	51	-	26,382	70,222
-	-	-	-	-	-	29,481	29,481
-	24,902	-	-	-	-	-	24,902
-	-	-	-	-	-	21,077	21,077
141,637	-	-	-	-	-	-	196,079
-	-	68,293	-	-	-	-	68,293
110,945	314,212	1,905	-	-	-	-	465,547
-	-	56,160	-	-	-	-	56,160
58,231	6,127	7,709	-	-	269	-	72,336
-	-	2,777	-	-	-	-	2,777
1,909,793	-	36,080	-	-	85,000	14,750	2,045,623
-	-	245,733	-	-	-	231,160	598,196
664	-	3,971	-	-	90	46,021	51,557
-	-	-	-	-	-	111,817	111,817
<u>\$ 2,224,250</u>	<u>\$ 345,420</u>	<u>\$ 737,443</u>	<u>\$ 775,830</u>	<u>\$ 589</u>	<u>\$ 85,726</u>	<u>\$ 711,766</u>	<u>\$ 5,151,739</u>
\$ -	\$ 215,907	\$ 475,105	\$ -	\$ -	\$ -	\$ -	\$ 691,012
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 972,316	\$ 982,906
\$ 432,905	\$ -	\$ 76,831	\$ -	\$ -	\$ 16,397	\$ -	\$ 526,133
67,341	-	-	-	-	-	-	67,341
-	-	24,645	-	-	-	-	24,645
-	18,417	98,075	110,838	321	209,401	-	437,052
<u>\$ 500,246</u>	<u>\$ 18,417</u>	<u>\$ 199,551</u>	<u>\$ 110,838</u>	<u>\$ 321</u>	<u>\$ 225,798</u>	<u>\$ 972,316</u>	<u>\$ 1,055,171</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,710	\$ 13,850
-	-	-	-	-	-	-	67,239
-	-	-	-	-	-	-	26,304
-	-	-	-	-	-	667,869	667,869
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 681,579</u>	<u>\$ 775,262</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 157,640	\$ 248,147
-	-	-	-	-	-	210,927	232,511
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 368,567	\$ 480,658
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,050,146	\$ 1,255,920
<u>\$ 500,246</u>	<u>\$ 234,324</u>	<u>\$ 674,656</u>	<u>\$ 110,838</u>	<u>\$ 321</u>	<u>\$ 225,798</u>	<u>\$ 2,022,462</u>	<u>\$ 3,985,009</u>
<u>\$ 2,724,496</u>	<u>\$ 579,744</u>	<u>\$ 1,412,099</u>	<u>\$ 886,668</u>	<u>\$ 910</u>	<u>\$ 311,524</u>	<u>\$ 2,734,228</u>	<u>\$ 9,136,748</u>

STATE OF MINNESOTA

COMPONENT UNIT FUNDS - GOVERNMENTAL FUND TYPES COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES YEARS ENDED DECEMBER 31, 1995 AND JUNE 30, 1996 (IN THOUSANDS)

	METROPOLITAN COUNCIL	MINNESOTA TECHNOLOGY	HIGHER EDUCATION SERVICES OFFICE	EXPORT FINANCE AUTHORITY	AGRICULTURAL AND ECONOMIC DEVELOPMENT BOARD	RURAL FINANCE AUTHORITY	COMBINED TOTALS
Net Revenues:							
Other Taxes.....	\$ 70,305	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,305
Federal Revenues.....	-	-	2,429	-	-	-	2,429
Other Intergovernmental Revenues.....	47,960	3,979	-	-	-	-	51,939
Investment/Interest Income.....	4,673	1,817	-	49	3,240	2,162	11,941
Other Revenues.....	1,947	766	131	28	1,521	1	4,394
Net Revenues.....	\$ 124,885	\$ 6,562	\$ 2,560	\$ 77	\$ 4,761	\$ 2,163	\$ 141,008
Expenditures:							
Current:							
Transportation.....	\$ 40,667	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,667
Resource Management.....	15,454	-	-	-	-	-	15,454
Economic & Manpower Development.....	-	7,721	-	-	44	53	7,818
Education.....	-	-	4,777	-	-	-	4,777
Health and Social Services.....	26,756	-	-	-	-	-	26,756
General Government.....	9,080	3,415	-	-	-	-	12,495
Total Current Expenditures.....	\$ 91,957	\$ 11,136	\$ 4,777	\$ -	\$ 44	\$ 53	\$ 107,967
Capital Outlay.....	360	-	-	-	-	-	360
Debt Service.....	16,504	-	-	-	8,706	-	25,210
Grants and Subsidies.....	-	1,729	112,179	-	-	-	113,908
Total Expenditures.....	\$ 108,821	\$ 12,865	\$ 116,956	\$ -	\$ 8,750	\$ 53	\$ 247,445
Excess of Revenues Over (Under)							
Expenditures.....	\$ 16,064	\$ (6,303)	\$ (114,396)	\$ 77	\$ (3,989)	\$ 2,110	\$ (106,437)
Other Financing Sources (Uses):							
General Obligation Bonds.....	\$ 20,916	\$ -	\$ -	\$ -	\$ 12,690	\$ 19,125	\$ 52,731
Operating Transfers-In.....	6,291	-	-	-	-	-	6,291
Other Operating Transfers-Out.....	(81,518)	-	-	-	-	-	(81,518)
Transfers-In from Primary Government	53,355	7,834	116,220	-	-	-	177,409
Transfers-Out to Primary Government	-	-	-	-	-	(4,109)	(4,109)
Loan Proceeds.....	-	-	-	-	-	4,500	4,500
Net Other Financing Sources (Uses).....	\$ (956)	\$ 7,834	\$ 116,220	\$ -	\$ 12,690	\$ 19,516	\$ 155,304
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses.....	\$ 15,108	\$ 1,531	\$ 1,824	\$ 77	\$ 8,701	\$ 21,626	\$ 48,867
Fund Balances, Beginning as Reported.....	\$ 97,662	\$ 15,530	\$ 1,711	\$ -	\$ -	\$ -	\$ 114,903
Change in Reporting Entity.....	-	-	-	841	26,340	24,395	51,576
Fund Balances, Beginning as Restated.....	\$ 97,662	\$ 15,530	\$ 1,711	\$ 841	\$ 26,340	\$ 24,395	\$ 166,479
Residual Equity Transfers-Out.....	(9,572)	-	-	-	-	-	(9,572)
Fund Balances, Ending.....	\$ 103,198	\$ 17,061	\$ 3,535	\$ 918	\$ 35,041	\$ 46,021	\$ 205,774

STATE OF MINNESOTA

COMPONENT UNIT FUNDS - PROPRIETARY FUND TYPES COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS YEARS ENDED DECEMBER 31, 1995 AND JUNE 30, 1996 (IN THOUSANDS)

	HOUSING FINANCE AGENCY	PUBLIC FACILITIES AUTHORITY	METROPOLITAN COUNCIL	WORKERS' COMPENSATION ASSIGNED RISK PLAN	NATIONAL SPORTS CENTER FOUNDATION	HIGHER EDUCATION SERVICES OFFICE	COMBINED TOTALS
Operating Revenues:							
Net Sales.....	\$ -	\$ -	\$ 10,880	\$ -	\$ 2,492	\$ -	\$ 13,372
Interest Income on Loans.....	128,495	14,972	-	-	-	12,718	156,185
Investment Income.....	47,557	11,925	-	-	-	-	59,482
Rental and Service Fees.....	3,709	-	196,210	-	99	-	200,018
Insurance Premiums.....	-	-	-	153,981	-	-	153,981
Other Income.....	-	-	3,723	-	-	-	3,723
Total Operating Revenues.....	\$ 179,761	\$ 26,897	\$ 210,813	\$ 153,981	\$ 2,591	\$ 12,718	\$ 586,761
Operating Expenses:							
Interest and Financing Costs.....	\$ 131,576	\$ 19,831	\$ -	\$ -	\$ -	\$ 3,436	\$ 154,843
Purchased Services.....	11,021	149	50,439	16,360	1,450	2,986	82,405
Salaries and Fringe Benefits.....	6,925	972	156,366	-	1,011	667	165,941
Claims.....	-	-	-	60,013	-	-	60,013
Depreciation.....	296	22	61,436	-	35	18	61,807
Amortization.....	-	-	-	-	-	525	525
Supplies and Materials.....	312	9	17,066	-	-	17	17,404
Indirect Costs.....	145	154	-	-	-	40	339
Other Expenses.....	2,240	-	7,912	11,164	124	98	21,538
Total Operating Expenses.....	\$ 152,515	\$ 21,137	\$ 293,219	\$ 87,537	\$ 2,620	\$ 7,787	\$ 564,815
Operating Income (Loss).....	\$ 27,246	\$ 5,760	\$ (82,406)	\$ 66,444	\$ (29)	\$ 4,931	\$ 21,946
Nonoperating Revenues (Expenses):							
Investment Income.....	\$ -	\$ -	\$ 16,838	\$ 39,128	\$ 4	\$ 7,054	\$ 63,024
Interest and Financing Costs.....	-	-	(37,752)	-	(15)	-	(37,767)
Federal Grants and Subsidies.....	75,936	-	-	-	-	-	75,936
Other Nonoperating Revenues.....	336	-	15,868	-	336	1,916	18,456
Gains (Losses) on Sale of Fixed Assets.....	-	-	(409)	-	-	-	(409)
Grants, Aids and Subsidies.....	- (91,605)	-	-	-	-	251	(91,354)
Other Nonoperating Expenses.....	-	-	(6,062)	-	(302)	(2,521)	(8,885)
Total Nonoperating Revenues (Expenses)...	\$ (15,333)	\$ -	\$ (11,517)	\$ 39,128	\$ 23	\$ 6,700	\$ 19,001
Income (Loss) Before Transfers.....	\$ 11,913	\$ 5,760	\$ (93,923)	\$ 105,572	\$ (6)	\$ 11,631	\$ 40,947
Transfers-In	-	-	75,353	-	-	-	75,353
Transfers-In from Primary Government.....	29,582	-	-	-	-	-	29,582
Transfers-Out	-	-	(126)	-	-	-	(126)
Net Income (Loss) before Extraordinary Item...	\$ 41,495	\$ 5,760	\$ (18,696)	\$ 105,572	\$ (6)	\$ 11,631	\$ 145,756
Depreciation on Fixed Assets Acquired with Contributed Capital.....	-	-	32,563	-	-	-	32,563
Increase (Decrease) in Retained Earnings.....	\$ 41,495	\$ 5,760	\$ 13,867	\$ 105,572	\$ (6)	\$ 11,631	\$ 178,319
Retained Earnings, as Reported	\$ 458,751	\$ 12,657	\$ 185,684	\$ (42,567)	\$ (106)	\$ 214,167	\$ 828,586
Changes in Reporting Entity.....	-	-	-	-	-	-	-
Changes in Accounting Principle.....	-	-	-	-	433	-	433
Retained Earnings, As Restated.....	\$ 458,751	\$ 12,657	\$ 185,684	\$ (42,567)	\$ 327	\$ 214,167	\$ 829,019
Unrealized Appreciation (Depreciation) on Investments.....	\$ -	\$ -	\$ -	\$ 47,833	\$ -	\$ -	\$ 47,833
Retained Earnings, Ending.....	\$ 500,246	\$ 18,417	\$ 199,551	\$ 110,838	\$ 321	\$ 225,798	\$ 1,055,171

STATE OF MINNESOTA

COMPONENT UNIT FUNDS COMBINING STATEMENT OF CASH FLOWS YEARS ENDED DECEMBER 31, 1995 AND JUNE 30, 1996 (IN THOUSANDS)

	HOUSING FINANCE AGENCY	PUBLIC FACILITIES AUTHORITY	METROPOLITAN COUNCIL	WORKERS' COMPENSATION ASSIGNED RISK PLAN	NATIONAL SPORTS CENTER FOUNDATION	HIGHER EDUCATION SERVICES OFFICE	COMBINED TOTALS
Cash Flows from Operating Activities:							
Operating Income (Loss).....	\$ 27,246	\$ 5,760	\$ (82,406)	\$ 66,444	\$ (29)	\$ 4,931	\$ 21,946
Adjustments to Reconcile Operating Income to							
Net Cash Flows from Operating Activities:							
Depreciation.....	\$ 296	\$ 22	\$ 61,436	\$ -	\$ 35	\$ 18	\$ 61,807
Amortization.....	-	-	-	-	-	525	525
Investment Income.....	(47,557)	(11,925)	-	-	-	-	(59,482)
Interest and Financing Costs.....	131,576	19,831	-	-	-	3,436	154,843
Loan Principal Repayments.....	149,151	8,706	-	-	-	32,007	189,864
Loans Issued.....	(272,063)	(63,210)	-	-	-	(25,086)	(360,359)
Customer Deposits.....	55,011	-	-	-	-	-	55,011
Return of Customer Deposits.....	(55,291)	-	-	-	-	-	(55,291)
Provision for Loan Defaults.....	4,833	-	-	-	-	(652)	4,181
Net Nonoperating Revenues (Expenses).....	-	-	(7,272)	-	-	-	(7,272)
Change in Assets and Liabilities:							
Accounts Receivable.....	158	-	(285)	12,004	(4)	(184)	11,689
Inventories.....	384	-	(127)	-	(12)	-	245
Other Assets.....	(1,569)	(672)	1,394	7,690	12	105	6,960
Accounts Payable.....	750	(81)	(3,911)	(32,729)	(20)	-	(35,991)
Deferred Revenues.....	-	-	1,100	(30,766)	1	(28)	(29,693)
Claims and Judgements Payable.....	-	-	-	(23,000)	-	-	(23,000)
Other Liabilities.....	(53)	9,357	(561)	(1,698)	-	-	7,045
Net Reconciling Items to be Added (Deducted)							
from Operating Income.....	\$ (34,374)	\$ (37,972)	\$ 51,774	\$ (68,499)	\$ 12	\$ 10,141	\$ (78,918)
Net Cash Flows from Operating Activities.....	\$ (7,128)	\$ (32,212)	\$ (30,632)	\$ (2,055)	\$ (17)	\$ 15,072	\$ (56,972)
Cash Flows from Noncapital Financing Activities:							
Grant Receipts.....	\$ 78,164	\$ 6,480	\$ 6,916	\$ -	\$ 149	\$ 251	\$ 91,960
Grant Disbursements.....	(95,564)	-	-	-	-	-	(95,564)
Transfers-In.....	31,313	-	62,364	-	-	-	93,677
Proceeds from Debt Issuance.....	-	-	-	-	50	-	50
Proceeds from Bond Sales.....	736,230	120,015	-	-	-	-	856,245
Repayment of Debt.....	(666,305)	(9,165)	-	-	(85)	(6,500)	(682,055)
Bond Issuance Costs.....	(6,185)	(461)	-	-	-	-	(6,646)
Funds Deposited in Escrow for Bond Refunding.....	-	(108,288)	-	-	-	-	(108,288)
Interest Paid.....	(137,478)	(18,635)	-	-	(14)	(3,447)	(159,574)
Net Cash Flows from Noncapital Financing Activities.....	\$ (59,825)	\$ (10,054)	\$ 69,280	\$ -	\$ 100	\$ (9,696)	\$ (10,195)
Cash Flows from Capital and Related Financing Activities:							
Investment in Fixed Assets.....	\$ (634)	\$ (3)	\$ (74,895)	\$ -	\$ (67)	\$ (35)	\$ (75,634)
Proceeds from the Sale of Fixed Assets.....	-	-	41	-	-	-	41
Capital Contributions.....	-	-	48,282	-	-	-	48,282
Repayment of Advances to Other Funds.....	-	-	(268)	-	-	-	(268)
Proceeds from Bond Sales.....	-	-	57,465	-	-	-	57,465
Repayment of Bond Principal.....	-	-	(140,861)	-	-	-	(140,861)
Interest Paid.....	-	-	(38,931)	-	-	-	(38,931)
Net Cash Flows from Capital and Related Financing Activities.....	\$ (634)	\$ (3)	\$ (149,167)	\$ -	\$ (67)	\$ (35)	\$ (149,906)
Cash Flows from Investing Activities:							
Proceeds from Sales and Maturities of Investments.....	\$ 314,617	\$ 69,441	\$ 707,968	\$ 502,661	\$ 4	\$ 105,054	\$ 1,699,745
Purchase of Investments.....	(217,163)	(9,700)	(633,247)	(529,646)	-	(121,403)	(1,511,159)
Investment Earnings.....	49,734	13,474	15,778	38,799	-	6,442	124,227
Net Cash Flows from Investing Activities.....	\$ 147,188	\$ 73,215	\$ 90,499	\$ 11,814	\$ 4	\$ (9,907)	\$ 312,813
Net Increase (Decrease) in Cash and Cash Equivalents.....	\$ 79,601	\$ 30,946	\$ (20,020)	\$ 9,759	\$ 20	\$ (4,566)	\$ 95,740
Cash and Cash Equivalents, as Reported.....	\$ 550,512	\$ 15,988	\$ 72,692	\$ 7,366	\$ 18	\$ 27,169	\$ 673,745
Changes in Accounting Principle.....	-	-	(54,645)	-	-	-	(54,645)
Cash and Cash Equivalents, as Restated.....	\$ 550,512	\$ 15,988	\$ 18,047	\$ 7,366	\$ 18	\$ 27,169	\$ 619,100
Cash and Cash Equivalents, Ending.....	\$ 630,113	\$ 46,934	\$ (1,973)	\$ 17,125	\$ 38	\$ 22,603	\$ 714,840

**GENERAL OBLIGATION
DEBT SCHEDULES**

STATE OF MINNESOTA
GENERAL OBLIGATION DEBT
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1997-2016

PRINCIPAL PAYMENTS - BOLD FACE

INTEREST PAYMENTS - MEDIUM FACE

		(\$ IN THOUSANDS)						
GROUP & FUND & TYPE	AUTHORIZATION YEAR-CHAPTER	AMOUNT OUTSTANDING 6/30/1996	1997	1998	1999	2000	2001	2002
GENERAL FUND STATE BUILDING CAPITAL IMPROVEMENT	'81.334	615	305	305	5	0	0	0
		41	30	10	0	0	0	0
	'84.597	2,070	945	1,125	0	0	0	0
		142	104	37	0	0	0	0
	X'85.015	14,960	7,025	6,805	935	195	0	0
		1,103	752	300	44	6	0	0
	X'87.003	70	20	25	25	0	0	0
		7	4	3	1	0	0	0
	'87.400	58,875	13,130	13,140	13,095	9,715	4,310	1,465
		10,461	3,384	2,516	1,649	900	445	263
	'88.718	1,585	300	300	310	310	310	45
		275	96	75	54	34	14	2
	'89.041	755	190	190	190	185	0	0
		99	44	31	18	6	0	0
	'89.290	2,730	540	540	550	550	275	65
		512	159	123	87	51	25	13
	'89.300	56,425	5,845	6,075	6,250	6,245	3,975	3,590
		21,299	3,005	2,658	2,295	1,925	1,636	1,421
	'90.365	509	100	100	100	104	105	0
		86	31	24	17	10	3	0
	'90.610	35,565	3,355	3,332	4,919	4,910	5,014	3,157
		11,200	1,980	1,766	1,509	1,213	916	676
	'91.354	3,150	175	175	175	175	175	175
		1,476	156	148	139	131	122	113
	'92.558	121,578	6,650	6,650	7,695	7,691	7,695	7,692
		57,717	6,231	5,889	5,517	5,115	4,716	4,322
	'93.373	23,470	1,275	1,300	1,295	1,295	1,320	1,280
		12,577	1,292	1,221	1,150	1,079	1,009	937
	'93.558	9,900	550	550	550	550	550	550
		4,639	491	464	437	410	383	356
	'94.643	254,013	8,200	9,535	14,435	14,425	15,195	13,520
		141,298	13,579	13,164	12,554	11,789	11,043	10,286
	X'95.002	4,630	30	45	245	245	265	230
		2,773	247	246	239	225	212	199
	'96.463	45,555	2,280	3,190	3,190	3,190	3,455	2,730
		23,097	2,372	2,269	2,126	1,974	1,823	1,659
STATE BUILDING TAXABLE BONDS								
	'87.400	3,470	290	290	290	290	290	290
		1,993	318	291	263	236	208	180

STATE OF MINNESOTA
GENERAL OBLIGATION DEBT
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1997-2016

PRINCIPAL PAYMENTS - BOLD FACE

INTEREST PAYMENTS - MEDIUM FACE

(\$ IN THOUSANDS)

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0
525	315	315	315	315	315	315	315	315	315	315	240	90	15
206	183	167	150	134	117	100	83	66	48	31	13	3	0
10	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0
60	15	15	15	15	15	15	15	15	15	15	0	0	0
11	8	7	6	6	5	4	3	2	2	1	0	0	0
2,405	1,985	1,985	1,985	1,880	1,880	1,880	1,885	1,885	1,885	1,885	1,690	690	525
1,262	1,150	1,047	942	835	737	638	538	436	333	230	126	60	26
0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0
2,390	745	745	745	745	745	745	745	745	745	745	747	290	0
521	436	396	356	317	278	239	199	159	118	77	36	8	0
175	175	175	175	175	175	175	175	175	175	175	175	0	0
105	96	88	79	70	61	52	42	33	24	14	5	0	0
7,760	5,945	5,940	5,940	5,940	6,180	6,180	6,180	6,180	6,180	6,180	5,670	1,945	1,285
3,927	3,576	3,271	2,957	2,646	2,332	2,008	1,680	1,348	1,013	675	335	123	34
1,275	1,280	1,280	1,185	1,175	1,180	1,180	1,185	1,185	1,185	1,185	1,185	1,185	40
867	797	724	655	589	523	456	387	318	248	178	108	38	2
550	550	550	550	550	550	550	550	550	550	550	550	0	0
329	302	275	247	219	191	162	133	104	74	45	15	0	0
13,525	12,975	12,980	12,975	13,285	13,075	13,075	13,070	13,075	13,070	13,075	13,075	13,073	8,375
9,596	8,898	8,176	7,429	6,666	5,981	5,289	4,583	3,864	3,137	2,400	1,654	906	306
230	230	230	230	265	265	265	265	265	265	265	265	265	265
187	176	163	149	136	122	109	95	81	67	52	38	22	8
2,730	2,280	2,280	2,280	1,795	1,795	1,795	1,795	1,795	1,795	1,795	1,795	1,795	1,795
1,522	1,386	1,260	1,135	998	905	810	713	612	512	409	307	205	102
290	290	290	290	285	285	0	0	0	0	0	0	0	0
152	125	97	69	41	14	0	0	0	0	0	0	0	0

STATE OF MINNESOTA
GENERAL OBLIGATION DEBT
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1997-2016

PRINCIPAL PAYMENTS - BOLD FACE

INTEREST PAYMENTS - MEDIUM FACE

(\$ IN THOUSANDS)

GROUP & FUND & TYPE	AUTHORIZATION YEAR-CHAPTER	AMOUNT OUTSTANDING 6/30/1996	1997	1998	1999	2000	2001	2002
GENERAL FUND (CONT)								
STATE MUNICIPAL ENERGY BUILDING BONDS								
	'83.323	5,810	700	700	700	700	700	700
		1,336	296	258	220	182	144	107
	'94.643	3,000	300	300	300	300	300	300
		821	155	139	122	105	89	74
	'96.463	400	40	40	40	40	40	40
		116	20	18	17	15	13	11
REFUNDING BONDS								
	'85.16A.66	23,540	23,540	0	0	0	0	0
		800	800	0	0	0	0	0
REFUNDING BONDS								
	'85.16A.66	732,126	31,764	54,317	65,036	64,933	59,448	61,408
		264,111	38,157	36,089	33,002	29,553	26,174	22,845
REINVESTMENT IN MINNESOTA (RIM)								
	'86.383	3,200	1,600	1,600	0	0	0	0
		210	157	53	0	0	0	0
	'87.400	855	45	45	65	65	65	65
		389	46	43	40	37	33	29
	'89.300	1,650	265	270	275	270	245	75
		404	96	78	60	42	26	16
	'90.610	2,345	225	235	240	230	245	160
		876	127	114	100	86	72	60
	'91.354	14,555	1,045	1,075	1,175	1,175	1,215	1,145
		6,376	769	711	649	583	518	451
RURAL FINANCE AUTHORITY (RFA)								
	'86.398	44,510	2,815	3,750	2,980	1,440	2,400	0
		18,329	2,597	2,386	2,165	2,017	1,959	1,810
	'96.463	5,000	0	0	0	0	0	0
		3,878	353	353	353	353	353	353
LANDFILL								
	'94.639	9,975	500	565	565	565	610	505
		5,267	525	499	470	440	410	380
POLLUTION CONTROL								
	'84.597	495	260	235	0	0	0	0
		32	24	8	0	0	0	0
	'87.400	16,020	2,845	2,855	2,905	2,905	1,605	620
		3,721	924	736	547	359	215	145
	'89.300	6,480	1,165	1,160	1,180	1,170	915	120
		1,387	378	300	222	145	78	46
	'90.610	12,915	1,765	1,765	1,765	1,765	1,765	1,475
		3,627	735	623	512	401	290	189
	'92.558	17,825	970	970	975	965	965	965
		9,069	940	889	839	788	738	688

STATE OF MINNESOTA
GENERAL OBLIGATION DEBT
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1997-2016

PRINCIPAL PAYMENTS - BOLD FACE

INTEREST PAYMENTS - MEDIUM FACE

(\$ IN THOUSANDS)

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
640 71	540 39	340 15	90 3	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
300 59	300 44	300 27	300 9	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
40 9	40 7	40 5	40 2	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
68,001 19,258	60,938 15,704	52,541 12,635	43,339 10,089	42,824 7,814	37,924 5,659	32,708 3,792	32,188 2,095	12,515 935	12,245 310	0 0	0 0	0 0	0 0
0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
115 26	25 21	30 19	30 18	35 16	35 14	35 12	35 10	35 9	35 7	35 5	25 3	25 1	10 0
30 13	15 11	15 11	15 10	20 9	20 8	20 7	20 6	20 5	20 4	20 2	20 1	10 1	5 0
145 54	85 46	85 42	85 38	85 33	85 29	85 24	85 20	85 15	85 10	85 6	5 1	5 1	5 0
795 399	600 363	595 331	595 299	580 266	580 236	580 206	580 175	580 144	580 112	580 80	515 48	335 24	230 8
3,625 1,810	5,000 1,457	4,000 1,222	14,000 672	4,500 234	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
0 353	0 353	0 353	0 353	5,000 353	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
505 355	505 329	505 301	505 272	475 243	475 219	475 194	475 169	475 143	475 117	475 90	475 64	475 37	370 13
0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
275 120	175 108	175 99	175 89	175 79	175 70	175 61	175 51	175 42	175 32	175 22	95 13	95 7	70 2
170 39	60 32	60 29	60 26	60 23	60 20	60 16	60 13	60 10	60 7	60 3	0 0	0 0	0 0
225 138	225 127	225 115	225 104	230 92	230 80	230 67	230 55	230 43	230 30	230 18	35 5	35 3	35 1
1,010 638	970 585	970 533	970 481	970 429	970 377	970 324	970 270	965 216	965 161	970 107	840 52	475 14	0 0

STATE OF MINNESOTA
GENERAL OBLIGATION DEBT
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1997-2016

PRINCIPAL PAYMENTS - BOLD FACE

INTEREST PAYMENTS - MEDIUM FACE

(\$ IN THOUSANDS)

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
330 244	330 227	330 209	330 190	325 170	325 154	325 137	325 120	325 103	325 85	325 67	325 49	325 30	325 12
400 240	400 220	400 200	400 180	400 159	400 139	400 118	400 97	400 75	400 54	400 32	400 11	0 0	0 0
1,380 1,027	1,375 958	1,375 882	1,375 802	1,395 721	1,395 650	1,395 577	1,395 504	1,395 428	1,395 352	1,395 275	1,395 196	1,395 116	1,225 44
0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
150 71	100 64	100 59	100 53	100 48	100 42	100 37	100 31	100 26	100 20	100 14	100 8	70 3	20 1
80 37	60 33	55 30	55 27	50 24	50 21	50 19	50 16	50 13	50 10	50 7	50 4	35 2	15 1
305 160	230 146	235 133	235 120	230 107	225 95	225 83	225 71	225 58	225 45	225 33	225 20	160 9	65 2
705 325	455 294	455 269	450 243	460 219	460 194	460 169	460 144	460 118	460 92	460 66	460 40	355 16	110 3
270 198	270 184	270 169	270 154	270 138	270 124	265 109	265 95	265 81	265 66	260 51	260 36	260 21	205 8
610 476	605 445	605 412	615 376	665 340	665 306	665 272	665 237	665 201	665 165	665 128	665 91	665 53	585 18
65 43	65 40	60 36	60 33	55 29	55 27	55 24	55 21	55 18	55 15	55 12	55 9	55 5	55 2
50 33	50 31	50 28	50 25	40 22	40 20	40 18	40 16	40 14	40 11	40 9	40 7	40 5	40 2
0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
35 11	15 9	15 9	15 8	15 7	15 6	15 5	15 5	20 4	20 3	20 2	20 1	0 0	0 0
80 2	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
25 1	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0

STATE OF MINNESOTA
GENERAL OBLIGATION DEBT
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1997-2016

PRINCIPAL PAYMENTS - BOLD FACE

(\$ IN THOUSANDS)

INTEREST PAYMENTS - MEDIUM FACE

GROUP & FUND & TYPE GENERAL FUND (CONT) EXCHANGE BONDS	AUTHORIZATION YEAR-CHAPTER	AMOUNT OUTSTANDING 6/30/1996	1997	1998	1999	2000	2001	2002
	'85.16A.66	6,289 16	0 3	0 3	0 3	0 3	3,145 2	3,145 1
INFRASTRUCTURE DEVELOPMENT STATE BUILDING CAPITAL IMPROVEMENT								
	'90.610	85,576 32,788	8,325 4,629	8,358 4,126	8,371 3,623	8,381 3,124	8,411 2,627	6,393 2,194
	'92.558	44,677 23,289	2,460 2,381	2,460 2,245	2,460 2,109	2,464 1,974	2,460 1,843	2,458 1,716
	'94.643	58,792 30,532	2,995 3,110	3,640 2,961	3,640 2,782	3,640 2,600	4,495 2,419	2,995 2,199
	'96.463	15,450 7,816	775 804	1,080 769	1,080 720	1,080 669	1,460 618	775 548
REFUNDING BONDS								
	'85.16A.66	59,485 31,131	120 3,016	120 3,010	580 2,993	650 2,964	1,420 2,914	2,170 2,827
REINVESTMENT IN MINNESOTA (RIM)								
	'90.610	570 237	35 29	35 27	45 25	45 23	45 20	45 18
POLLUTION CONTROL								
	'90.610	3,030 1,227	190 154	190 144	255 132	255 119	255 106	255 92
CIGARETTE TAX STATE BUILDING CAPITAL IMPROVEMENT								
	'87.400	23,200 2,166	8,445 1,254	8,445 701	6,310 211	0 0	0 0	0 0
REFUNDING BONDS								
	'85.16A.66	11,890 2,735	215 603	0 598	2,335 543	2,335 430	2,335 311	2,335 188
REINVESTMENT IN MINNESOTA (RIM)								
	'87.400	4,160 346	1,720 217	1,720 105	720 24	0 0	0 0	0 0
POLLUTION CONTROL								
	'87.400	2,910 290	970 161	970 97	970 32	0 0	0 0	0 0
STATE TRANSPORTATION								
	'87.400	1,060 92	420 56	420 29	220 7	0 0	0 0	0 0
SPORTS & HEALTH TAX STATE BUILDING CAPITAL IMPROVEMENT								
	'87.400	4,670 463	1,615 255	1,615 149	1,280 53	160 5	0 0	0 0
REFUNDING BONDS								
	'85.16A.66	13,455 5,272	120 717	5 715	375 706	1,540 660	1,565 583	1,625 500
GROUP TOTAL GENERAL FUND		1,963,236 793,743	154,124 103,409	157,707 94,594	167,356 85,454	152,983 76,514	145,393 68,530	129,413 61,022

STATE OF MINNESOTA
GENERAL OBLIGATION DEBT
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1997-2016

PRINCIPAL PAYMENTS - BOLD FACE

(\$ IN THOUSANDS)

INTEREST PAYMENTS - MEDIUM FACE

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0
3,390	3,040	3,040	3,040	3,040	3,040	3,040	3,040	3,040	3,040	3,040	2,578	825	145
1,926	1,761	1,604	1,445	1,285	1,125	963	798	632	464	296	128	32	5
2,455	2,225	2,225	2,225	2,225	2,230	2,230	2,225	2,225	2,225	2,225	2,225	2,225	750
1,589	1,464	1,338	1,209	1,086	969	850	728	605	481	355	227	101	20
2,995	2,995	3,000	3,000	2,660	2,655	2,655	2,655	2,655	2,655	2,655	2,655	2,657	1,495
2,046	1,891	1,723	1,555	1,381	1,241	1,098	952	802	652	500	347	195	78
775	775	775	775	610	610	610	610	610	610	610	610	610	610
510	471	428	386	339	307	275	242	208	174	139	104	70	35
5,580	5,915	5,955	5,770	5,760	5,760	5,685	5,690	4,135	4,175	0	0	0	0
2,638	2,357	2,065	1,774	1,481	1,184	885	586	328	110	0	0	0	0
45	25	25	25	25	25	25	25	25	25	25	25	0	0
16	14	13	11	10	9	7	6	5	3	2	1	0	0
255	125	125	125	125	125	125	125	125	125	125	125	0	0
79	69	63	56	50	43	37	30	24	17	10	3	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0
2,335	0	0	0	0	0	0	0	0	0	0	0	0	0
63	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0
1,630	1,275	1,280	1,260	1,260	1,260	130	130	0	0	0	0	0	0
413	335	265	194	122	50	11	4	0	0	0	0	0	0
131,746	116,593	107,041	107,289	101,089	86,719	80,008	79,493	58,140	57,905	41,490	39,615	30,465	18,670
54,173	47,368	41,343	35,479	29,986	24,685	20,266	16,023	12,324	9,184	6,443	4,101	2,110	735

STATE OF MINNESOTA
GENERAL OBLIGATION DEBT
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1997-2016

PRINCIPAL PAYMENTS - BOLD FACE

INTEREST PAYMENTS - MEDIUM FACE

		(\$ IN THOUSANDS)						
GROUP & FUND & TYPE	AUTHORIZATION YEAR-CHAPTER	AMOUNT OUTSTANDING 6/30/1996	1997	1998	1999	2000	2001	2002
GAME & FISH REFUNDING BONDS								
	'85.16A.66	25 1	25 1	0 0	0 0	0 0	0 0	0 0
REFUNDING BONDS								
	'85.16A.66	334 104	1 20	43 18	49 16	47 13	37 11	32 9
EXCHANGE BONDS								
	'85.16A.66	11 0	0 0	0 0	0 0	0 0	5 0	5 0
GROUP TOTAL GAME & FISH		369 105	26 20	43 18	49 16	47 13	42 11	37 9
TRUNK HIGHWAY REFUNDING BONDS								
	'85.16A.66	3,205 109	3,205 109	0 0	0 0	0 0	0 0	0 0
REFUNDING BONDS								
	'85.16A.66	35,845 6,521	6,945 1,689	6,315 1,326	4,910 1,040	4,605 797	3,350 599	2,730 444
GROUP TOTAL TRUNK HIGHWAY		39,050 6,630	10,150 1,798	6,315 1,326	4,910 1,040	4,605 797	3,350 599	2,730 444
MAX EFFORT SCHOOL LOAN REFUNDING BONDS								
	'85.16A.66	355 12	355 12	0 0	0 0	0 0	0 0	0 0
REFUNDING BONDS								
	'85.16A.66	49,530 22,427	725 2,643	1,780 2,577	2,235 2,463	2,540 2,324	2,795 2,167	3,090 1,994
SCHOOL LOANS								
	'80.545	890 105	255 50	255 34	255 17	125 4	0 0	0 0
	'88.718	5,635 936	1,140 340	1,140 262	1,140 184	1,140 108	985 38	90 3
	'90.610	7,255 1,403	1,165 414	1,165 341	1,165 269	1,165 196	1,165 124	1,165 51
	'91.265	25,535 10,944	1,830 1,306	1,830 1,211	1,830 1,116	1,825 1,021	1,825 926	1,825 831
	'92.558	7,475 2,959	595 377	595 346	595 315	595 284	595 252	595 221
	'93.373	3,735 1,835	205 191	205 181	205 170	205 160	205 149	205 139
	'94.643	2,970 1,612	145 156	145 148	145 140	145 132	145 124	145 116

STATE OF MINNESOTA
GENERAL OBLIGATION DEBT
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1997-2016

PRINCIPAL PAYMENTS - BOLD FACE

(\$ IN THOUSANDS)

INTEREST PAYMENTS - MEDIUM FACE

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0
34	27	24	16	11	6	3	3	0	0	0	0	0	0
7	5	3	2	1	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0
34	27	24	16	11	6	3	3	0	0	0	0	0	0
7	5	3	2	1	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0
2,655	2,560	600	600	575	0	0	0	0	0	0	0	0	0
306	169	84	50	17	0	0	0	0	0	0	0	0	0
2,655	2,560	600	600	575	0	0	0	0	0	0	0	0	0
306	169	84	50	17	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0
4,330	4,900	4,515	3,790	3,770	3,670	3,325	3,305	2,385	2,375	0	0	0	0
1,780	1,526	1,276	1,062	870	678	497	327	182	61	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0
265	0	0	0	0	0	0	0	0	0	0	0	0	0
8	0	0	0	0	0	0	0	0	0	0	0	0	0
1,840	1,195	1,200	1,195	1,195	1,195	1,195	1,195	1,195	1,195	1,195	690	85	0
736	658	597	536	474	411	348	284	220	154	89	24	2	0
595	300	300	300	300	300	300	300	300	300	300	300	10	0
189	166	151	136	121	105	89	73	57	41	25	9	0	0
205	205	200	200	200	200	200	200	200	205	205	205	80	0
129	118	108	97	87	76	66	55	44	33	21	10	2	0
150	150	150	150	150	150	150	150	150	150	150	150	150	150
109	102	93	84	76	69	61	53	45	37	29	21	12	4

STATE OF MINNESOTA
GENERAL OBLIGATION DEBT
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1997-2016

PRINCIPAL PAYMENTS - BOLD FACE

(\$ IN THOUSANDS)

INTEREST PAYMENTS - MEDIUM FACE

GROUP & FUND & TYPE	AUTHORIZATION YEAR-CHAPTER	AMOUNT OUTSTANDING 6/30/1996	1997	1998	1999	2000	2001	2002
MAX EFFORT SCHOOL LOAN (CONT) SCHOOL LOANS (CONT)								
	X'95.002	11,020 5,961	555 579	555 549	555 519	555 487	555 457	555 430
GROUP TOTAL MAX EFFORT SCHOOL LOAN		114,400 48,195	6,970 6,069	7,670 5,649	8,125 5,193	8,295 4,716	8,270 4,238	7,670 3,785
STATE UNIVERSITY SYSTEM STATE UNIVERSITIES								
	'73.759	1,610 90	805 67	805 23	0 0	0 0	0 0	0 0
GROUP TOTAL STATE UNIVERSITY SYSTEM		1,610 90	805 67	805 23	0 0	0 0	0 0	0 0
STATE GUARANTEED BONDS GUARANTEED BOND CLASS								
	'91.350	44,960 44,711	25 2,816	345 2,805	465 2,782	525 2,753	610 2,719	715 2,680
GROUP TOTAL STATE GUARANTEED BONDS		44,960 44,711	25 2,816	345 2,805	465 2,782	525 2,753	610 2,719	715 2,680
TOTAL PRINCIPAL - LESS GUARANTEE		2,118,665	172,075	172,540	180,440	165,930	157,055	139,850
TOTAL INTEREST - LESS GUARANTEE		848,763	111,364	101,610	91,703	82,041	73,377	65,260
TOTAL DEBT SERVICE - LESS GUARANTEE (1)		2,967,428	283,439	274,150	272,143	247,971	230,432	205,110
TOTAL PRINCIPAL - ALL FUNDS		2,163,625	172,100	172,885	180,905	166,455	157,665	140,565
TOTAL INTEREST - ALL FUNDS		893,474	114,180	104,415	94,484	84,793	76,096	67,940
TOTAL DEBT SERVICE - ALL FUNDS (1)		3,057,099	286,280	277,300	275,389	251,248	233,761	208,505

The Total Debt Service - All Funds does not include:

\$143,500,000 of bonds dated August 1, 1986; \$40,600,000 of bonds dated July 1, 1987; \$38,690,000 of bonds dated April 1, 1988;

\$23,200,000 of bonds dated July 1, 1988; \$110,050,000 of bonds dated August 1, 1989; \$97,900,000 of bonds dated July 1, 1990;

\$95,900,000 of bonds dated August 1, 1991; \$81,650,000 of bonds dated July 1, 1992;

For which funds are held in escrow, have been invested and will be sufficient to pay the principal of, and interest on, the bonds to their earliest call date.

STATE OF MINNESOTA
GENERAL OBLIGATION DEBT
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1997-2016

PRINCIPAL PAYMENTS - BOLD FACE

INTEREST PAYMENTS - MEDIUM FACE

(\$ IN THOUSANDS)

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
550 402	550 375	550 344	550 312	550 281	550 253	555 225	555 196	550 167	550 138	545 108	545 77	545 46	545 16
7,935 3,353	7,300 2,944	6,915 2,570	6,185 2,227	6,165 1,908	6,065 1,592	5,725 1,286	5,705 989	4,780 715	4,775 464	2,395 272	1,890 140	870 63	695 20
0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
750 2,635	805 2,587	855 2,535	975 2,475	1,035 2,409	1,105 2,338	1,180 2,261	1,260 2,177	1,350 2,094	1,430 2,010	1,515 1,922	1,605 1,826	28,410 888	0 0
750 2,635	805 2,587	855 2,535	975 2,475	1,035 2,409	1,105 2,338	1,180 2,261	1,260 2,177	1,350 2,094	1,430 2,010	1,515 1,922	1,605 1,826	28,410 888	0 0
142,370 57,838	126,480 50,485	114,580 44,000	114,090 37,758	107,840 31,912	92,790 26,277	85,735 21,553	85,200 17,013	62,920 13,040	62,680 9,648	43,885 6,715	41,505 4,242	31,335 2,173	19,365 754
200,208	176,965	158,580	151,848	139,752	119,067	107,288	102,213	75,960	72,328	50,600	45,747	33,508	20,119
143,120 60,473	127,285 53,072	115,435 46,535	115,065 40,234	108,875 34,322	93,895 28,616	86,915 23,814	86,460 19,190	64,270 15,133	64,110 11,659	45,400 8,637	43,110 6,067	59,745 3,061	19,365 754
203,593	180,357	161,970	155,299	143,197	122,511	110,729	105,650	79,403	75,769	54,037	49,177	62,806	20,119

STATE OF MINNESOTA
AUTHORIZED BUT UNISSUED GENERAL OBLIGATION DEBT
BY PURPOSE AS OF JUNE 30, 1996
(In Thousands)

Authorization	Type	Total Authorized	Components/Purpose	Amounts Authorized	Issued	Net Authorized Unissued
1971- 856 (1)	Municipal Aid	\$ 3,836	Municipal Aid	\$ 3,836	\$ -	\$ 3,836
1983- 323	Building	30,000	Municipal Energy	30,000	29,920	80
1984- 597	Transportation	16,000	Railroad Rehabilitation	12,000		
			Local Interstate Substitution	4,000	9,000	7,000
1986- 398	Rural Finance Authority	50,000	Farm Loan Restructuring	50,000	45,500	4,500
1987- 400 (2)(3)(4)	Building	369,982	Supreme Court	32,500		
			Administration	19,564		
			Capital Area Architectural Planning Board	300		
			Natural Resources	16,745		
			Energy & Economic Development	46,250		
			Iron Range Resources and Rehabilitation Board	2,200		
			Military Affairs	2,500		
			Veterans Affairs	2,500		
			Historical Society	54,284		
			Education	10,981		
			Vocational Technical Education	33,198		
			Community College	34,960		
			State Universities	52,486		
			University of Minnesota	47,773		
			Corrections	2,274		
			Human Services	7,175		
			Minnesota Center for the Arts	4,000		
			Other	292	369,511	472
1987- 400	Water Pollution Control	66,747	Prevention, Control, Abatement of Water Pollution	66,747	65,510	1,237
1987- 400	Reinvest in Minnesota	19,000	Agriculture	9,000		
			Natural Resources	10,000	18,970	30
1989- 290	Building	10,755	Administration	10,755	10,745	10
1989- 300 (2)(3)(4)	Building	139,075	Vocational Technical Education	5,471		
			Community Colleges	5,805		
			State Universities	27,680		
			University of Minnesota	14,194		
			Education	2,703		
			Human Services	11,751		
			Corrections	2,600		
			Health	390		
			Veterans Home Board	165		
			Economic Security	1,000		
			Historical Society	301		
			Administration	35,874		
			Capital Area Architectural and Planning Board	450		
			Natural Resources	3,348		
			Pollution Control Agency	10,125		
			Public Facilities Authority	12,700		
			Trade and Economic Development	4,021		
			Military Affairs	400		
			Other	97	129,755	9,320
1989- 300	Transportation	8,000	County Municipal Township Bridges	8,000	7,915	85
1989- 300	Reinvest in Minnesota	5,000	Board of Water and Soil Resources	1,500		
			Natural Resources	3,500	4,965	35
1990- 610 (2)(3)(4)	Building	337,600	Technical Colleges	25,362		
			Community Colleges	50,500		
			State Universities	42,945		

STATE OF MINNESOTA
AUTHORIZED BUT UNISSUED GENERAL OBLIGATION DEBT
BY PURPOSE AS OF JUNE 30, 1996
(In Thousands)

Authorization	Type	Total Authorized	Components/Purpose	Amounts Authorized	Issued	Net Authorized Unissued
			University of Minnesota	71,480		
			Education	4,793		
			Human Services	22,675		
			Corrections	13,121		
			Health	1,376		
			Veterans Home Board	1,750		
			Economic Security	750		
			Historical Society	3,175		
			Administration	13,670		
			Capital Area Architectural and Planning Board	300		
			Natural Resources	14,950		
			Pollution Control Agency	27,225		
			Public Facilities Authority	30,954		
			Trade and Economic Development	5,000		
			Military Affairs	200		
			Public Safety	545		
			Indian Affairs Council	50		
			Amateur Sports Commission	5,000		
			Housing Finance Agency	1,500		
			Other	279	324,926	12,674
1990- 610	Transportation	11,200	County Municipal Township Bridges	11,200	9,675	1,525
1990- 610	Reinvest in Minnesota	5,395	Board of Water and Soil Resources	2,395		
			Natural Resources	3,000	5,350	45
1990- 610	Waste Management	7,000	Waste Processing Facility Assistance	7,000	4,750	2,250
1991- 350	Airport Facilities	175,000	Airport Facilities	175,000	44,960	130,040
1991- 354	Wetlands/Reinvest in Minnesota	28,000	Board of Water and Soil Resources	13,900		
			Natural Resources	7,545		
			Trade and Economic Development	6,525	27,300	700
1992- 558 (3)(4)(5)	Building	229,625	Technical Colleges	12,607		
			Community Colleges	14,630		
			State Universities	12,870		
			University of Minnesota	61,900		
			Education	13,606		
			Human Services	21,960		
			Corrections	11,082		
			Economic Security	2,000		
			Housing Finance Agency	3,000		
			Administration	24,343		
			Military Affairs	2,400		
			Trade and Economic Development	4,550		
			Public Facilities Authority	7,500		
			Natural Resources	11,682		
			Board of Water and Soil Resources	1,250		
			Agriculture	365		
			Pollution Control Agency	13,050		
			Minnesota Zoological Garden	1,815		
			Historical Society	2,375		
			Other	195	206,860	22,765
1992- 558	Transportation	17,500	County Municipal Township Bridges	17,500	13,265	4,235
1992- 558	Waste Management	2,000	Waste Processing Facility Assistance	2,000	-	2,000
1993- 373 (3)	Building	54,625	Technical Colleges	667		
			Community Colleges	1,367		
			State Universities	1,161		
			University of Minnesota	2,000		
			Education	7,000		
			Human Services	8,765		

**STATE OF MINNESOTA
AUTHORIZED BUT UNISSUED GENERAL OBLIGATION DEBT
BY PURPOSE AS OF JUNE 30, 1996
(In Thousands)**

Authorization	Type	Total Authorized	Components/Purpose	Amounts Authorized	Issued	Net Authorized Unissued
			Corrections	9,812		
			Administration	8,255		
			Historical Society	150		
			Public Facilities Authority	4,000		
			Pollution Control Agency	11,000		
			Veterans Home Board	400		
			Other	48	53,800	825
1993- 373	Transportation	9,900	County Municipal Township Bridges	9,900	7,940	1,960
1994- 639	Landfill	90,000	Environmental Response Actions at Municipal Solid Waste Disposal facilities	90,000	10,000	80,000
1994- 643 (4)	Building	568,140	Technical Colleges	45,505		
			Community Colleges	36,945		
			State Universities	57,250		
			University of Minnesota	68,700		
			Education	36,967		
			Human Services	47,550		
			Corrections	72,953		
			Administration	32,275		
			Capital Area Architectural and Planning Board	5,098		
			Finance	5,400		
			Veterans Homes Board	10,630		
			Amateur Sports Commission	3,119		
			Military Affairs	366		
			Housing Finance Agency	2,500		
			Economic Security	2,500		
			Labor Interpretive Center	750		
			Historical Society	6,960		
			Trade and Economic Development	4,900		
			MN Technologies, Inc.	400		
			Natural Resources	58,641		
			Public Facilities Authority	13,400		
			Pollution Control Agency	23,401		
			Board of Water and Soil Resources	9,800		
			Zoological Garden	21,500		
			Other	630	342,755	225,385
1994- 643	Building	4,000	Municipal Energy	4,000	3,000	1,000
1994- 643	Transportation	45,000	County Municipal Township Bridges	21,076		
			Federal Aid Demonstration Projects	3,924		
			Light Rail Transit	10,000		
			Transit Capital Improvements	10,000	12,200	32,800
X1995- 2	Building	5,630	MN State Colleges and Universities	750		
			Administration	1,881		
			Agriculture	103		
			Natural Resources	1,700		
			Pollution Control Agency	750		
			Public Safety	410		
			Other	36	4,630	1,000
X1995- 2	School Loan	23,670	Acquisition and Betterment of Public School Land and Buildings	23,670	11,020	12,650
X1995- 2	Transportation	4,500	County Municipal Township Bridges	4,500	1,220	3,280
1996- 463 (6)	Building	549,110	MN State Colleges and Universities	86,431		
			University of Minnesota	93,804		
			Children, Families and Learning	19,100		
			Center for Arts Education	6,879		
			Residential Academies	2,306		
			Natural Resources	36,120		
			Pollution Control Agency	3,350		

STATE OF MINNESOTA
AUTHORIZED BUT UNISSUED GENERAL OBLIGATION DEBT
BY PURPOSE AS OF JUNE 30, 1996
(In Thousands)

Authorization	Type	Total Authorized	Components/Purpose	Amounts Authorized	Issued	Net Authorized Unissued
			Public Facilities Authority	22,100		
			Board of Water and Soil Resources	14,750		
			Agriculture	275		
			Administration	78,560		
			Amateur Sports Commission	21,600		
			Military Affairs	900		
			Corrections	93,430		
			Human Services	8,722		
			Veterans Homes Board	740		
			Transportation	10,500		
			Housing Finance Agency	2,500		
			Economic Security	3,500		
			Historical Society	5,650		
			Other	608	61,005	488,105
1996- 463	Building	4,000	Municipal Energy	4,000	400	3,600
1996- 463	Waste Management	3,000	Waste Processing Facility Assistance	3,000	-	3,000
1996- 463	Transportation	10,000	County Municipal Township Bridges	10,000	1,000	9,000
1996- 463	Rural Finance Authority	41,000	Farm Loan Restructuring	41,000	5,000	36,000
Total Authorized, Unissued						\$ 1,101,443

- (1) Laws 1984, Chapter 597 reduced the Municipal Aid Bonds authorization in Laws 1971, Chapter 856 by \$15,670,000. Minnesota Statutes 16A.642, adopted in 1995, reduced the authorization in Laws 1971, Chapter 856 by \$494,254.
- (2) Laws 1993, Chapter 373 reduced Building Bond authorizations as follows: Laws 1987, Chapter 400 by \$700,000; Laws 1989, Chapter 300 by \$2,550,000; and Laws 1990, Chapter 610 by \$2,500,000.
- (3) Laws 1994, Chapter 643 reduced Building Bond authorizations as follows: Laws 1987, Chapter 400 by \$240,000; Laws 1989, Chapter 300 by \$895,000; Laws 1990, Chapter 610 by \$115,000; Laws 1992, Chapter 558 by \$65,000; and Laws 1993, Chapter 373 by \$15,000.
- (4) Special Session Laws 1995, Chapter 2 reduced Building Bond authorizations as follows: Laws 1987, Chapter 400 by \$50,000; Laws 1989, Chapter 300 by \$65,000; Laws 1990, Chapter 610 by \$580,000; Laws 1992, Chapter 558 by \$5,000; and Laws 1994, Chapter 643 by \$1,245,000. Special Session Laws 1995, Chapter 2 also reduced the Transportation Bonds authorization in Laws 1987, Chapter 400 by \$10,000.
- (5) Appropriations of bond proceeds were \$6.445 million less than the amount of bonds authorized. The Governor exercised his line item veto authority to reduce the appropriations but no corresponding reduction in the bond authorization could be made after the end of the legislative session. Accordingly, \$6.445 million of these bonds cannot be issued without further legislative appropriations.
- (6) Appropriations of bond proceeds were \$37.285 million less than the amount of bonds authorized. The Governor exercised his line item veto authority to reduce the appropriations but no corresponding reduction in the bond authorization could be made after the end of the legislative session. Accordingly, \$37.285 million of these bonds cannot be issued without further legislative appropriations.

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STATISTICAL SECTION

The following usual statistical tables are not included because they are not applicable to the state's operations: all tables relating to property tax levies and collections; computation of legal debt margin, and computation of overlapping debt. Minnesota data privacy laws prevent disclosure of the names of principal taxpayers.

STATE OF MINNESOTA
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS
FISCAL YEARS 1987-1996
(In Thousands)

	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>
Individual Income Taxes.....	\$2,757,164	\$2,626,343	\$2,491,602	\$2,881,050
Corporate Income Taxes.....	501,091	416,646	500,177	481,311
Sales Tax.....	1,478	1,681,263	1,779,569	1,869,592
Gross Earnings Taxes.....	223,995	224,490	220,007	164,139
Motor Vehicle Excise Tax.....	225,617	235,907	249,507	256,589
Motor Vehicle Licenses.....	259,112	254,061	272,476	297,351
Gasoline and Special Fuel Taxes.....	361,386	386,971	449,621	456,723
Other Taxes.....	336,660	382,140	427,094	441,290
Federal Revenues.....	1,765,052	1,821,810	1,959,518	2,151,582
Other Revenues.....	<u>522,133</u>	<u>601,652</u>	<u>679,575</u>	<u>751,114</u>
Gross Revenues.....	\$8,430,513	\$8,631,283	\$9,029,146	\$9,750,741
Less Revenue Refunds(2).....	<u>574,815</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Revenues.....	<u>\$7,855,698</u>	<u>\$8,631,283</u>	<u>\$9,029,146</u>	<u>\$9,750,741</u>

STATE OF MINNESOTA
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION AND NET TRANSFERS-OUT (1)
GENERAL, SPECIAL REVENUE AND DEBT SERVICE
FISCAL YEARS 1987-1996
(In Thousands)

	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>
Current Expenditures:				
Protection of Persons/Property.....	\$105,574	\$118,376	\$129,357	\$142,613
Transportation.....	241,552	253,540	263,339	283,256
Resource Management.....	123,411	145,498	158,710	177,919
Economic/Manpower Development.....	159,967	157,734	176,742	192,726
Education.....	324,758	365,818	408,984	461,412
Health and Social Services.....	367,186	399,713	417,716	467,149
General Government.....	146,419	166,060	178,581	200,603
Capital Outlay.....	408,734	446,849	443,369	508,723
Debt Service.....	181,697	175,702	181,330	245,278
Grants and Subsidies.....	<u>\$5,480,781</u>	<u>\$5,812,261</u>	<u>\$6,136,187</u>	<u>\$6,750,608</u>
Total Expenditures.....	\$7,540,079	\$8,041,551	\$8,494,311	\$9,430,287
Net Operating Transfers-Out (3).....	<u>238,639</u>	<u>245,917</u>	<u>301,420</u>	<u>293,079</u>
Total Expenditures and Net Transfers-Out.....	<u>\$7,778,718</u>	<u>\$8,287,468</u>	<u>\$8,795,731</u>	<u>\$9,723,366</u>

(1) Revenues and expenditures are accounted for on the modified accrual basis.

(2) Revenue for fiscal year 1987 is shown at gross with revenue refunds shown separately. Fiscal years 1988 through 1996 revenue is shown net of revenue refunds.

(3) Net operating transfers-out are reduced by bond proceeds of the Special Revenue Funds for the following years:

1987	\$ 8,000,000	1990	\$20,370,000	1993	\$34,945,000	1996	\$13,990,000
1988	10,500,000	1991	32,904,000	1994	25,300,000		
1989	7,750,000	1992	22,460,000	1995	14,025,000		

STATE OF MINNESOTA
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS
FISCAL YEARS 1987-1996
(In Thousands)

1991	1992	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
\$ 2,969,239	\$ 3,148,740	\$ 3,470,244	\$3,532,465	\$ 3,774,855	\$ 4,129,026
462,943	428,412	507,703	546,558	667,542	696,393
1,961,716	2,192,547	2,375,793	2,515,224	2,728,525	2,933,886
159,745	146,487	145,248	136,768	146,646	122,879
236,236	270,151	295,755	332,491	346,673	380,574
331,783	349,549	384,209	420,471	416,793	450,216
451,995	457,826	462,136	482,453	484,573	520,702
516,981	623,714	712,043	827,520	908,515	949,206
2,213,281	2,508,640	2,777,061	2,986,532	3,157,038	3,384,598
<u>756,795</u>	<u>781,761</u>	<u>789,002</u>	<u>906,186</u>	<u>964,623</u>	<u>1,217,204</u>
\$10,060,714	\$10,907,827	\$11,919,194	\$12,687,162	\$13,595,783	\$14,784,684
-	-	-	-	-	-
<u>\$ 10,060,714</u>	<u>\$ 10,907,827</u>	<u>\$11,919,194</u>	<u>\$12,687,162</u>	<u>\$13,595,783</u>	<u>\$14,784,684</u>

STATE OF MINNESOTA
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION AND NET TRANSFERS-OUT (1)
GENERAL, SPECIAL REVENUE AND DEBT SERVICE
FISCAL YEARS 1987-1996
(In Thousands)

<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
\$ 157, 528	\$ 169,391	\$ 178,778	\$ 183,695	\$ 196,981	\$ 202,535
304,486	316,628	329,310	324,729	374,194	351,712
196,699	216,059	226,664	223,237	233,167	273,961
200,036	221,856	258,183	250,532	263,451	191,283
501,098	505,997	529,844	551,987	562,672	723,923
545,547	539,419	558,076	596,449	698,295	736,466
187,190	205,434	222,141	232,861	258,609	273,786
465,632	492,968	486,578	398,742	330,482	419,555
276,982	277,741	313,776	295,731	285,344	522,296
<u>7,453,042</u>	<u>7,868,726</u>	<u>8,164,541</u>	<u>8,614,081</u>	<u>9,068,110</u>	<u>9,920,296</u>
\$ 10,288,240	\$ 10,814,219	\$ 11,267,891	\$ 11,672,044	\$12,271,305	\$ 13,615,813
<u>232,882</u>	<u>247,642</u>	<u>296,850</u>	<u>812,756</u>	<u>940,963</u>	<u>961,149</u>
<u>\$ 10,521,122</u>	<u>\$11,061,861</u>	<u>\$ 11,564,741</u>	<u>\$12,484,800</u>	<u>\$13,212,268</u>	<u>\$ 14,276,962</u>

STATE OF MINNESOTA
 ASSESSED VALUE OF TAXABLE PROPERTY
 1987-1996

<u>Year of Assessment</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Tax Assessed Value/ Tax Capacity (1)</u>	<u>Percentage Increase Per Year</u>
1987	\$ 29,019,277,094	\$ 875,697,037	\$ 29,894,974,131	1.52 %
1988 (1)	3,789,536,570	108,915,980	3,898,452,550	N/A
1989	3,023,231,788	131,014,287	3,154,246,075	N/A
1990	3,146,653,676	134,539,984	3,281,193,660	4.02
1991	3,100,542,487	133,137,661	3,233,680,148	(1.45)
1992	3,068,090,432	137,961,249	3,206,051,681	(0.85)
1993	3,036,843,689	134,339,758	3,171,183,447	(1.09)
1994	3,157,294,317	139,515,555	3,296,809,872	3.96
1995	3,350,007,524	147,560,824	3,467,568,348	6.09
1996 (est)	3,557,000,000	154,000,000	3,711,000,000	6.10

(1) Laws of 1988 changed the basis for calculating taxes from the assessed value and mill rate to the gross tax capacity rate for 1988 taxes payable in 1989, and to the net capacity rate for 1989 and subsequent years. Therefore, values for 1988 and 1989 are not comparable with each other nor with values for earlier years.

Source: Minnesota Department of Revenue.

STATE OF MINNESOTA
 MARKET VALUE OF TAXABLE PROPERTY
 1987-1996

<u>Year of Assessment</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Total Market Value</u>	<u>Percentage Increase Per Year</u>
1987	\$ 121,569,192,136	\$ 2,077,487,365	\$ 123,646,679,501	1.55 %
1988	128,658,534,060	2,111,366,270	130,769,900,330	5.76
1989	135,675,706,727	2,649,874,844	138,325,581,571	5.78
1990	143,606,454,726	2,783,575,907	146,390,030,633	5.83
1991	149,150,447,836	2,873,816,502	152,024,264,338	3.85
1992	153,992,608,020	3,007,985,604	157,000,593,624	3.27
1993	159,008,719,142	2,990,779,548	161,999,498,690	3.18
1994	166,739,642,423	3,104,511,567	169,844,153,990	4.84
1995	177,163,788,491	3,282,461,951	180,446,250,442	6.24
1996 (est)	187,930,000,000	3,380,000,000	191,310,000,000	6.02

Source: Minnesota Department of Revenue.

STATE OF MINNESOTA
SCHEDULE OF RATIO OF GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE
OF TAXABLE PROPERTY AND GENERAL OBLIGATION BONDED DEBT PER CAPITA
FISCAL YEARS 1987-1996

<u>Year</u>	<u>General Obligation Bonded Debt (In Thousands)</u>	<u>Percent Debt to Assessed Value (1)</u>	<u>Bonded Debt Per Capita</u>
1987	\$1,137,560	4.07 %	\$267.9
1988	1,277,783	4.12	296.7
1989	1,404,145	N/A (2)	322.6
1990	1,507,645	N/A	344.6
1991	1,573,630	N/A	357.9
1992	1,630,105	N/A	364.7
1993	1,706,885	N/A	377.5
1994	1,769,435	N/A	388.7
1995	1,892,169	N/A	409.5
1996	2,162,015	N/A	462.9

(1) Includes real property only.

(2) Comparable information no longer available. See note on statistical table for assessed value of taxable property.

STATE OF MINNESOTA
SCHEDULE OF RATIO OF ANNUAL DEBT SERVICE FOR GENERAL OBLIGATION
BONDED DEBT TO GENERAL EXPENDITURES
FISCAL YEARS 1987-1996
(In Thousands)

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>General Expenditures (1)</u>	<u>Percent of Expenditures</u>
1987	\$ 92,665	\$ 82,515	\$ 175,180	\$ 7,540,079	2.32 %
1988	87,195	88,507	175,702	8,041,551	2.18
1989	83,865	87,528	171,393	8,494,311	2.02
1990	121,475	96,276	217,751	9,430,287	2.31
1991	133,990	103,642	237,632	10,288,240	2.31
1992	138,525	112,104	250,629	10,814,219	2.32
1993	140,885	116,614	257,499	11,267,891	2.29
1994	155,743	118,454	274,197	11,672,044	2.35
1995	160,666	99,036	259,702	12,271,305	2.12
1996	169,780	102,747	272,527	13,615,813	2.01

(1) Includes the General, Special revenue and Debt Service Funds.

STATE OF MINNESOTA
SCHEDULE OF REVENUE BOND COVERAGE
STATE COLLEGES AND UNIVERSITIES REVENUE FUND
FISCAL YEARS (1986-1996)
(Dollars in Thousands)

<u>Year</u>	<u>Gross Revenue (1)</u>	<u>Direct Operating Expenses (2)</u>	<u>Net Available For Debt Service</u>	<u>Debt Service Requirements</u>			<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
1987	\$ 31,695	\$ 22,637	\$ 9,058	\$ 1,655	\$ 1,983	\$ 3,638	2.49
1988	33,675	24,683	8,992	1,700	1,903	3,603	2.50
1989	36,813	26,053	10,760	1,510	1,649	3,159	3.41
1990	39,415	27,610	11,805	3,215	1,828	5,043	2.34
1991	40,449	30,790	9,659	4,675	1,746	6,421	1.50
1992	39,831	30,525	9,306	580	1,545	2,125	4.38
1993	38,674	29,698	8,976	605	1,371	1,976	4.54
1994	39,051	30,969	8,082	945	2,342	3,287	2.46
1995	41,492	31,715	9,777	945	2,217	3,162	3.09
1996	45,105	34,491	10,614	1,420	2,200	3,620	2.93

- (1) Proceeds from grants and subsidies and investment income from nonoperating revenues are included.
(2) Depreciation, amortization, interest and financing expenses are not included.

STATE OF MINNESOTA
SCHEDULE OF REVENUE BOND COVERAGE
VERMILLION COMMUNITY COLLEGE DORMITORY
COLLEGE AND UNIVERSITY ENTERPRISE ACTIVITIES
FISCAL YEARS (1989-1996)
(Dollars in Thousands)

<u>Year</u>	<u>Gross Revenue (2)</u>	<u>Direct Operating Expenses (3)</u>	<u>Net Available For Debt Service</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage</u>
1989	\$ 268	\$ 55	\$ 213	\$ -	\$ 130	\$ 130	1.64
1990	243	84	159	35	111	146	1.09
1991	269	98	171	35	107	142	1.20
1992	255	114	141	40	105	145	0.97
1993	242	132	110	40	102	142	0.77
1994	369	133	236	89	154	243	0.97
1995	425	126	299	83	161	244	1.23
1996	448	230	218	42	116	158	1.38

- (1) First year revenue bonds were issued.
(2) Proceeds from grants and subsidies and investment income from nonoperating revenues are included.
(3) Depreciation, amortization, interest and financing expenses are not included.

MINNESOTA BANK DEPOSITS AND GROSS RETAIL SALES

1987-1996

(In Millions)

<u>Year</u>	<u>Bank Deposits</u>	<u>Retail Sales</u>
1987	\$ 42,400	\$ 30,994
1988	41,176	33,302
1989	40,799	37,019
1990	45,384	39,638
1991	45,300	37,919
1992	43,771	38,630
1993	45,157	40,457
1994	44,826	42,925
1995	46,809	45,723
1996	51,361	N/A

Sources : Federal Deposit Insurance Corporation
Minnesota Department of Revenue, Unpublished.

MINNESOTA POPULATION, PER CAPITA PERSONAL INCOME AND UNEMPLOYMENT RATE

1987-1996

<u>Year</u>	<u>Population (In Thousands)</u>	<u>Personal Income</u>	<u>Unemployment Rate</u>
1987	4,246	\$ 15,788	5.4 %
1988	4,307	16,653	4.0
1989	4,341	17,823	4.4
1990	4,385	18,774	4.8
1991	4,429	19,273	5.1
1992	4,477	20,473	5.1
1993	4,530	20,955	5.1
1994	4,576	22,331	3.9
1995	4,629	23,271	3.7
1996 (est)	4,671	24,498	3.6

Source: Data Resources Incorporated

STATE OF MINNESOTA NEW HOUSING UNITS AUTHORIZED IN PERMIT-ISSUING LOCALITIES

1987-1996

(In Thousands)

<u>Year</u>	<u>Valuation</u>	<u>Year</u>	<u>Valuation</u>
1987	\$2,421,528	1992	\$2,481,644
1988	2,071,921	1993	2,672,436
1989	1,946,611	1994	2,557,846
1990	1,867,065	1995	2,589,746
1991	1,882,328	1996	N/A

Source: U.S. Bureau of the Census Construction Reports.

EMPLOYMENT MIX IN MINNESOTA

1987-1996
(In Thousands)

Category	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996 (est)
Manufacturing Durable	221.1	234.5	235	231.5	225.3	223.9	230.8	237.7	243.7	247.7
Manufacturing Non-Durable	154	159.6	164.8	169.3	171	171.9	174.7	178.4	182.3	182.3
Mining	6	7.1	7.7	8.1	7.9	7.6	7.5	7.6	7.9	8.0
Construction	80.3	77.9	79	79.5	75.8	76.9	79.1	80.6	82.7	84.6
Transportation/Public Utilities	99.9	101.7	105.2	109.5	110.2	109.4	109.2	113.8	117.0	120.4
Trade	489.3	505.3	514.3	518.5	517.4	426.9	536.6	559.2	576.7	588.9
Finance/Insurance/Real Estate	119.1	119.6	121	125.2	127.5	129.6	135.7	140.1	138.3	141.8
Service	478	501.6	531.1	549.3	558.2	592.6	614.4	635.8	659.4	679.5
Government	313.8	320.8	328.7	337.8	343.3	346.9	353.8	324.3	332.2	337.8
Agriculture	97.9	101.2	101.6	107.6	93.8	84.1	84.6	82.8	72.9	74.0
Total Employed	2,059.4	2,129.3	2,188.4	2,236.3	2,230.4	2,169.8	2,326.4	2,360.3	2,412.9	2,465

Source: Minnesota Department of Jobs and Training

STATE OF MINNESOTA AVERAGE DAILY PUBLIC SCHOOL MEMBERSHIP

School Year	Kindergarten	Elementary	Secondary	Total All Grades
1986-87	60,893	312,687	331,496	705,076
1987-88	61,915	327,518	323,314	712,747
1988-89	61,917	340,969	315,349	718,235
1989-90	62,002	353,944	312,545	728,491
1990-91	63,886	363,978	317,730	745,594
1991-92	67,310	372,558	323,891	763,759
1992-93	68,320	377,274	374,299	819,893
1993-94	65,872	378,214	337,314	781,400
1994-95	65,732	380,891	360,777	807,400
1995-96	66,672	383,458	372,345	822,475

Source: Minnesota Department of Children, Families, and Learning

MINNESOTA BASED CORPORATIONS INCLUDED IN THE FORTUNE 500

(Dollars in Thousands)

Rank		Company	Sales	Assets	Rank	Net Income	Rank
1995	1994						
28	30	Dayton Hudson	\$23,516,000	\$12,570,000	174	\$311,000	221
57	50	Supervalu	16,563,800	4,305,100	314	43,300	421
62	58	Minnesota Mining & Manufacturing	16,105,000	14,183,000	158	976,000	64
143	125	Northwest Airlines	9,084,900	8,412,300	219	392,000	189
156	135	General Mills	8,393,600	3,358,200	342	367,400	197
170	197	Norwest Corp.	7,582,300	72,134,400	38	956,000	67
197	195	Honeywell	6,731,300	5,060,200	285	333,600	213
232	303	United Healthcare	5,670,000	6,200,000	254	286,000	235
244	243	St. Paul Companies	5,409,600	19,656,500	121	521,200	143
262	373	Best Buy	5,079,600	1,507,100	455	57,700	412
371	470	First Bank System	3,328,300	33,874,000	76	568,100	131
409	363	Hormel Foods	3,046,200	1,223,900	468	120,400	363
437	398	Nash Finch	2,888,800	514,300	492	17,400	439
476	452	Northern States Power	2,568,600	6,228,600	253	275,800	243

Source: Fortune Magazine, dated April 29, 1996.

STATE OF MINNESOTA
MISCELLANEOUS STATISTICS
JUNE 30, 1996

Date of Statehood	May 11, 1858 - 32nd	
Land Area - 12th Largest State	84,068 Square Miles	
Higher Education:		
2 Year State Community Colleges	10	
4 Year State Universities	7	
University of Minnesota	4	Campuses
2 Year Technical Colleges	7	
2 Year Consolidated Community/Technical Colleges	37	Campuses
4 Year Private Colleges	25	
2 Year Private Colleges	6	
Private Professional Schools	10	
Private Vocational Schools	79	
Trade Routes:		
Miles of Highways	133,947	
Miles of Main Line Railroad Track	4,753	
Public Airports	142	
Waterways-		
Lake Superior		
Mississippi River		
Recreation:		
Lakes	11,842	
State Forests	57	
Area of State Forests	3,200,000	Acres
State Parks	65	
Area of State Parks	246,200	Acres
Sources: Higher Education Services Office		
Minnesota State Colleges and Universities		
Department of Natural Resources		
Department of Transportation		

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